

Financial Forecast & Presentation

May 2007



City of Austin

Financial and Administrative Services - Budget Office

PRESENTATION



Austin Economic Context and Forecast

City of Austin

Presented by TXP | May 3 2007



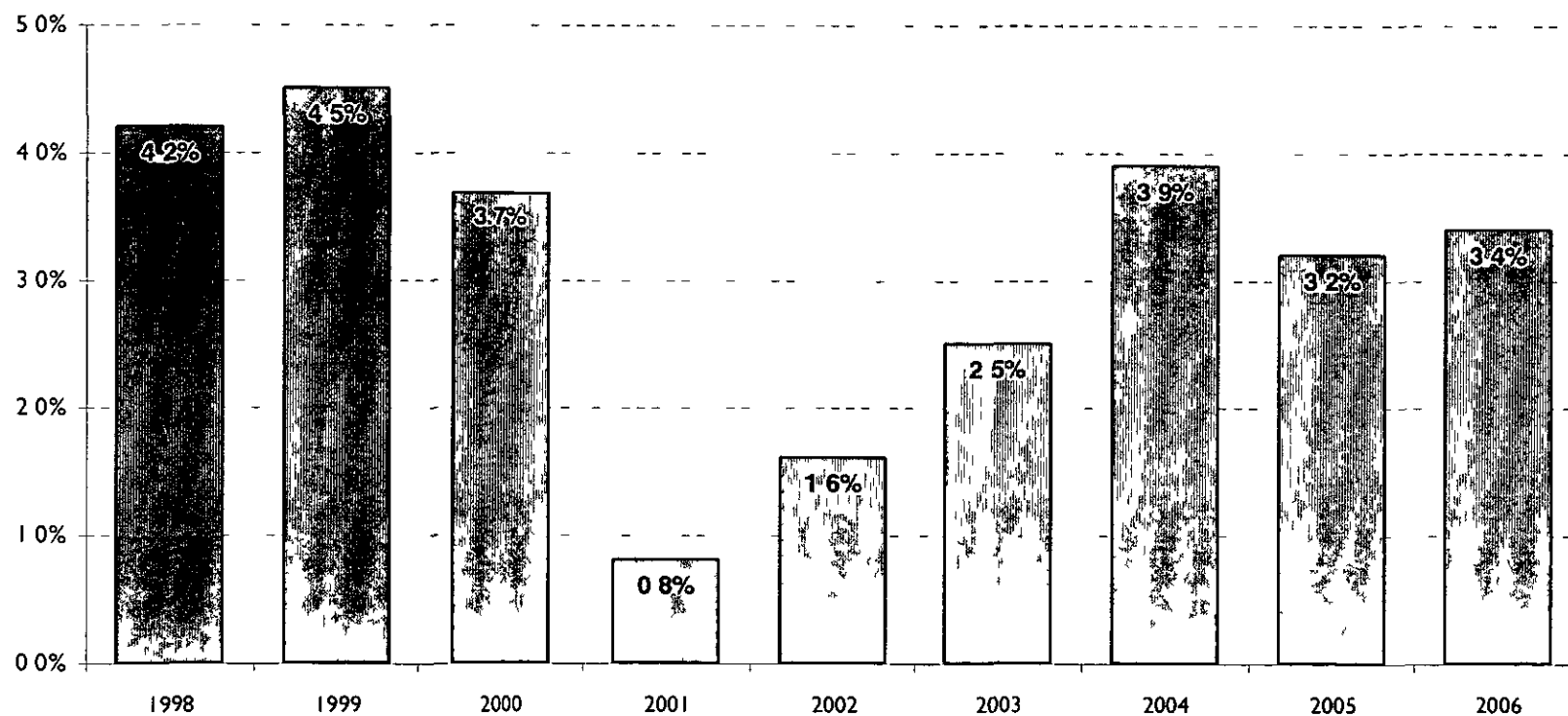
Economic Context

National Overview

- U S economy continues to expand at solid pace, but concerns remain about duration and overall direction
- On the upside business investment and profits are solid, with price increases still relatively tame Given everything, job growth is OK
- On the downside slow consumer spending and income growth, housing, and a general tightening trend in monetary policy all suggest that recovery is somewhat fragile
- Near-term forecast GDP up 2.6% this year, with growth in the 2.5-3.0% range over the next five years

Economic Context

Key National Indicators - GDP

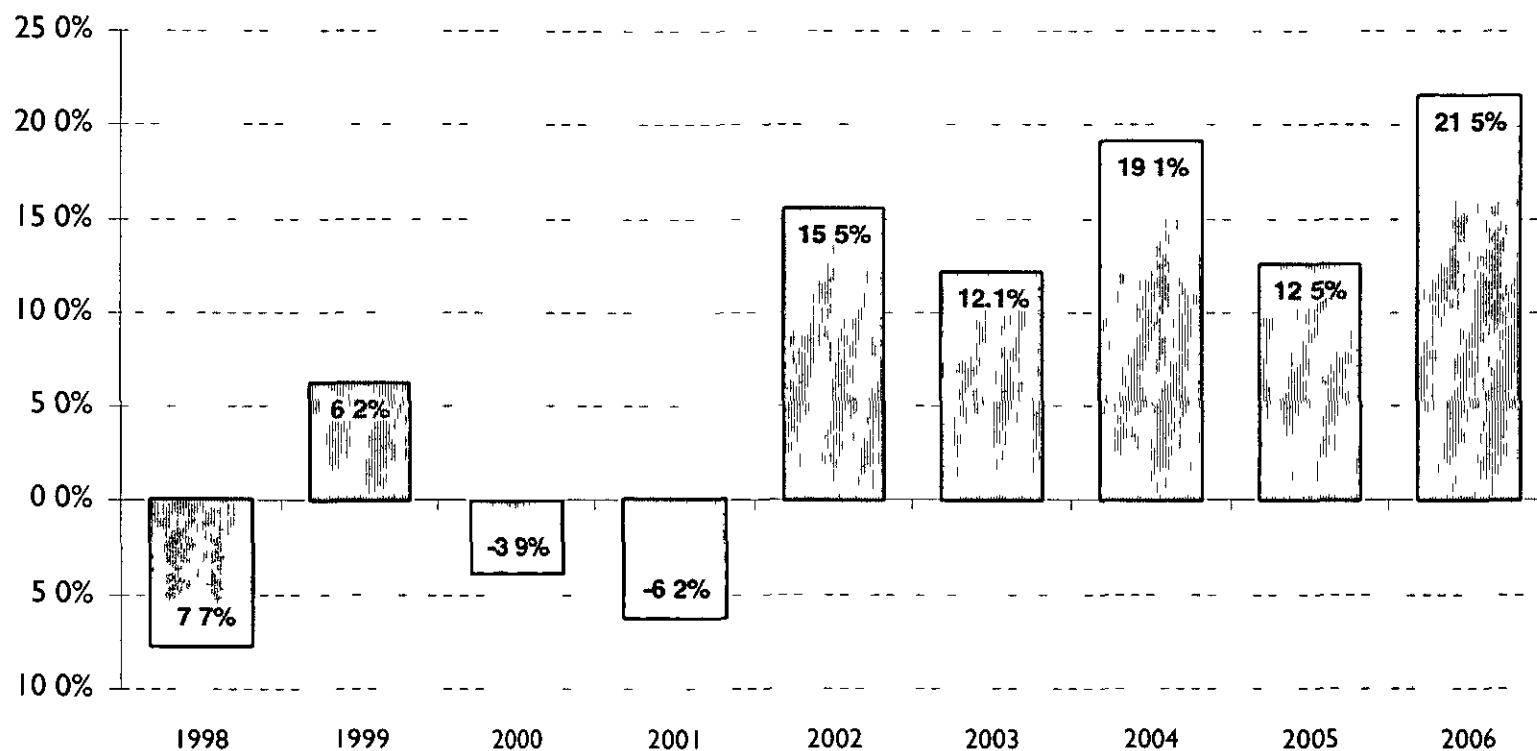


Note Seasonally-Adjusted at Annual Rates



Economic Context

Key National Indicators – Corporate Profits

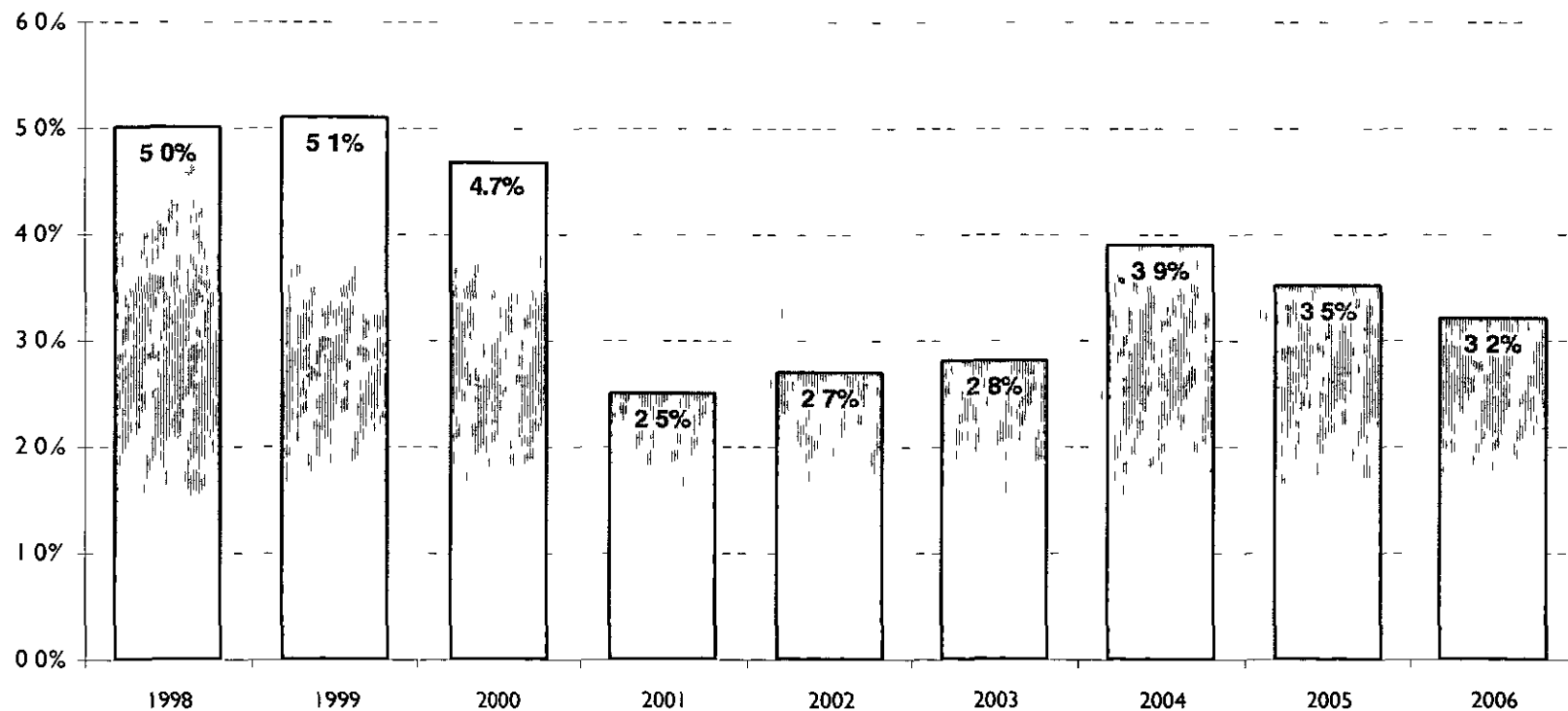


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Economic Context

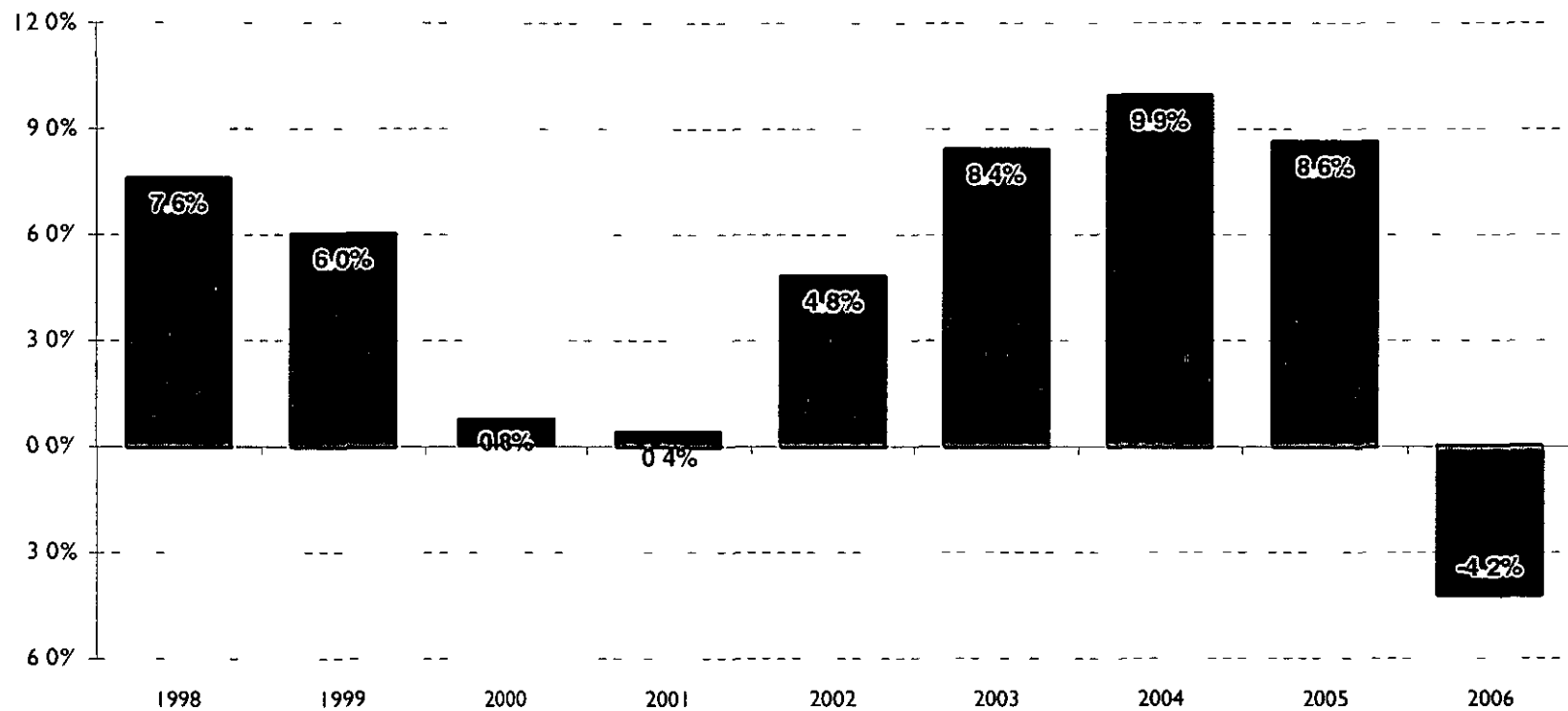
Key National Indicators – Personal Consumption



Note Seasonally-Adjusted at Annual Rates

Economic Context

Key National Indicators – Residential Investment

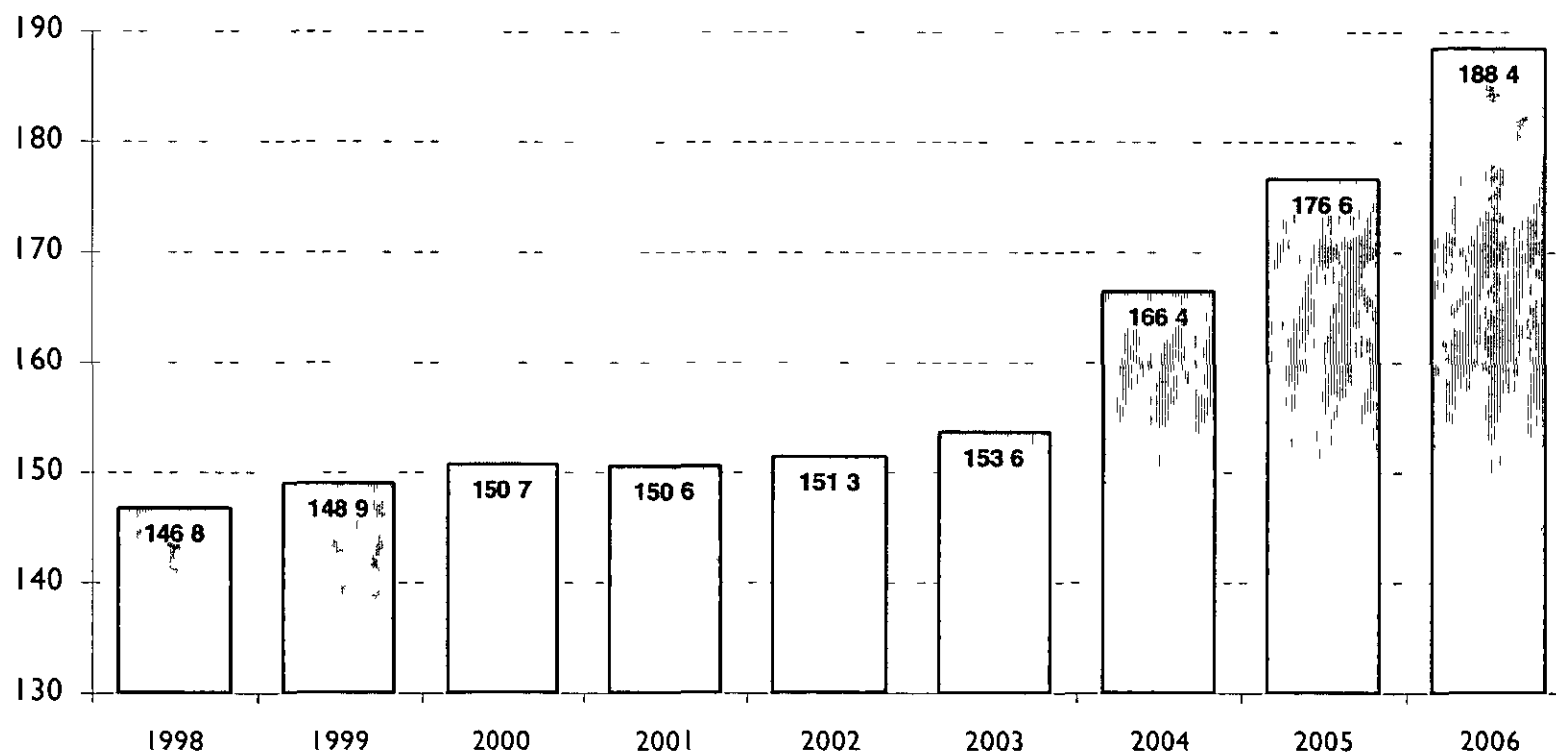


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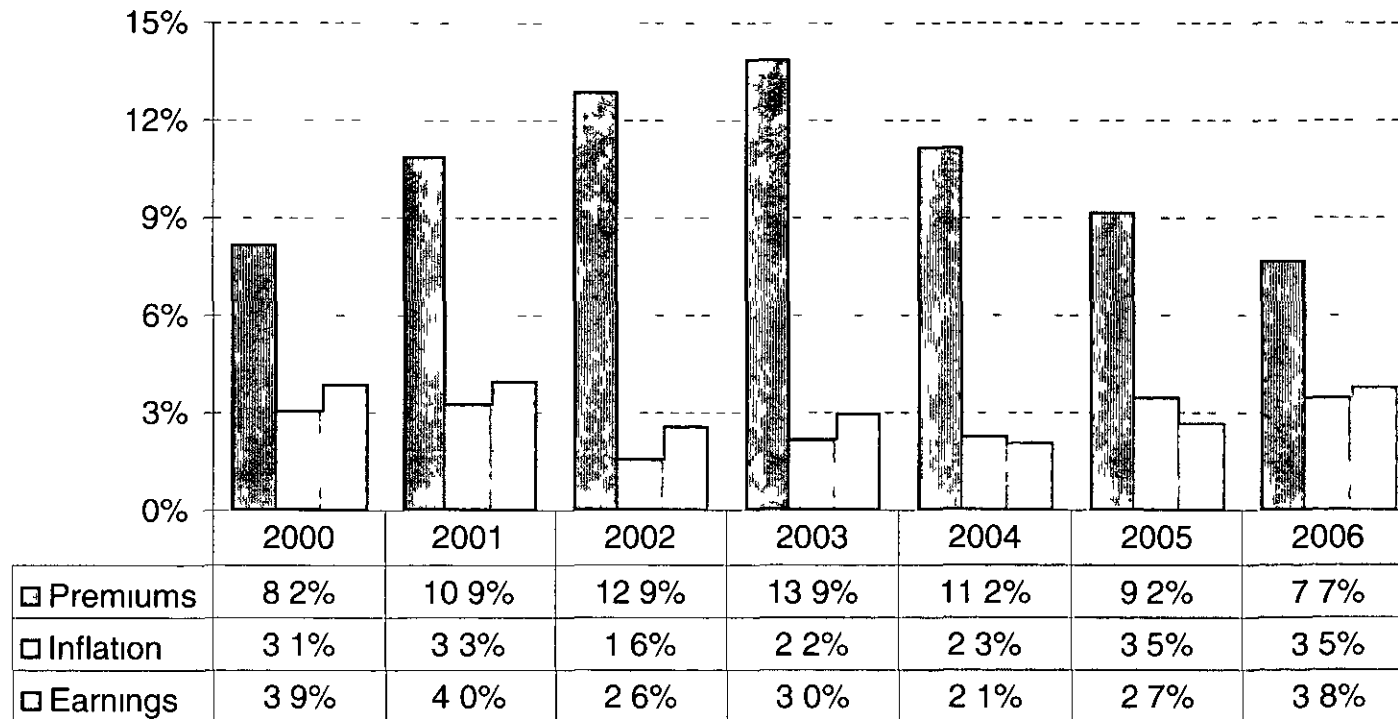
Economic Context – Selected Measures

Producer Price Index – Construction Costs (1992 = 100)



Economic Context – Selected Measures

Healthcare vs. Other Inflation Measures





Local Economy

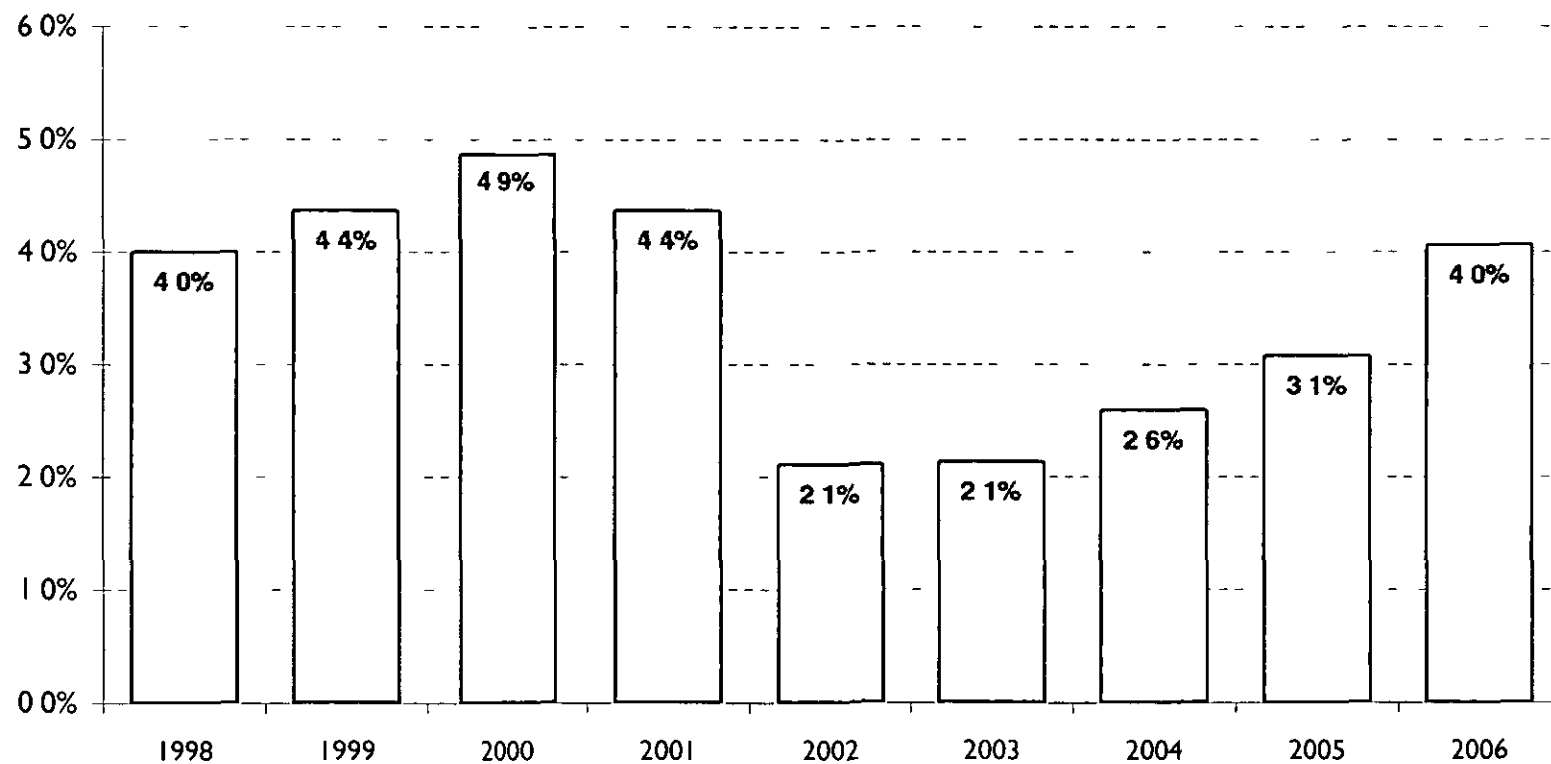
Austin Overview

- All aggregate indicators of the Austin economy are very positive at this point – job growth, tax revenue, retail sales, building activity, etc. Most issues have to do with how to manage/accommodate growth, rather than stimulate it
- In-migration and economic recovery have combined to create record levels of activity – reminiscent of several past booms
- Some “bubblish” signs, but the fundamentals remain strong



Local Economy

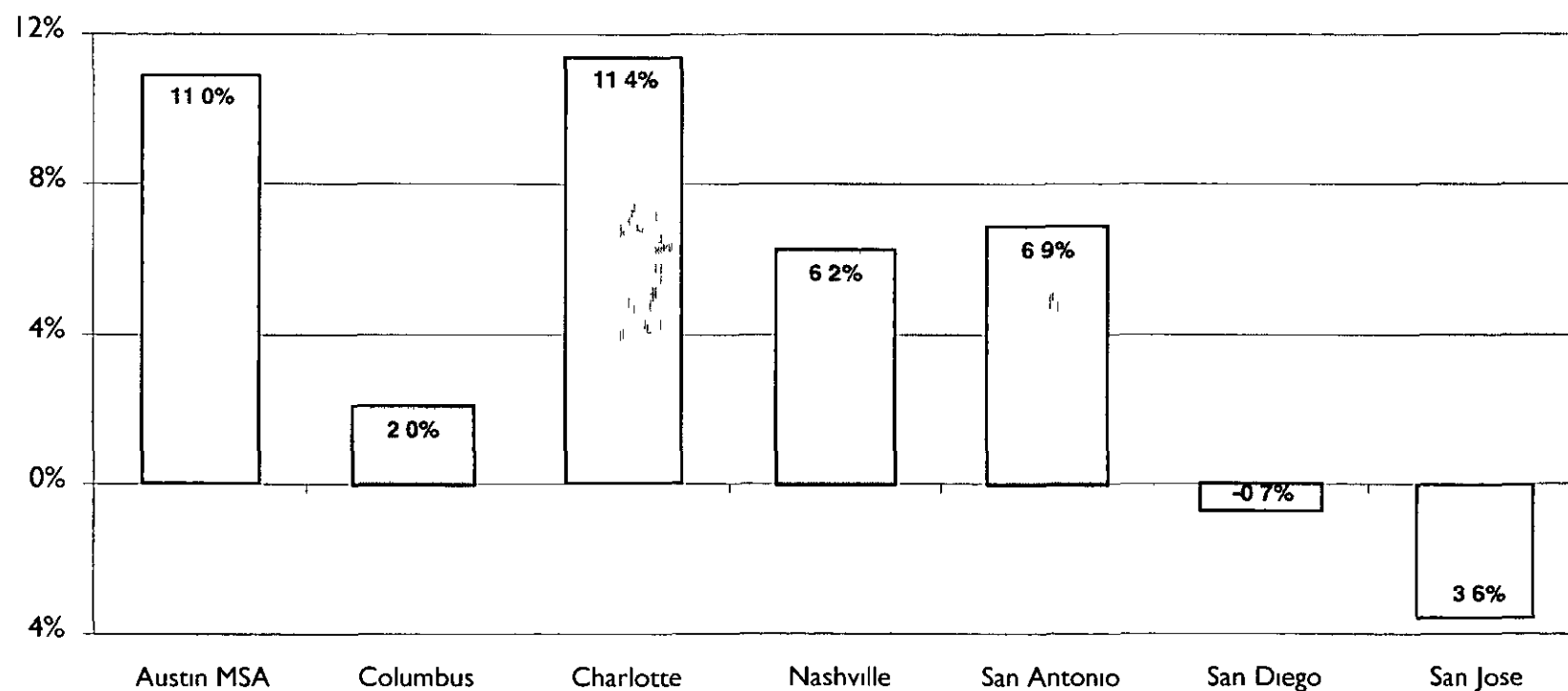
Total MSA Population Growth





Local Economy

2000-2006 Migrants as % of Current Population

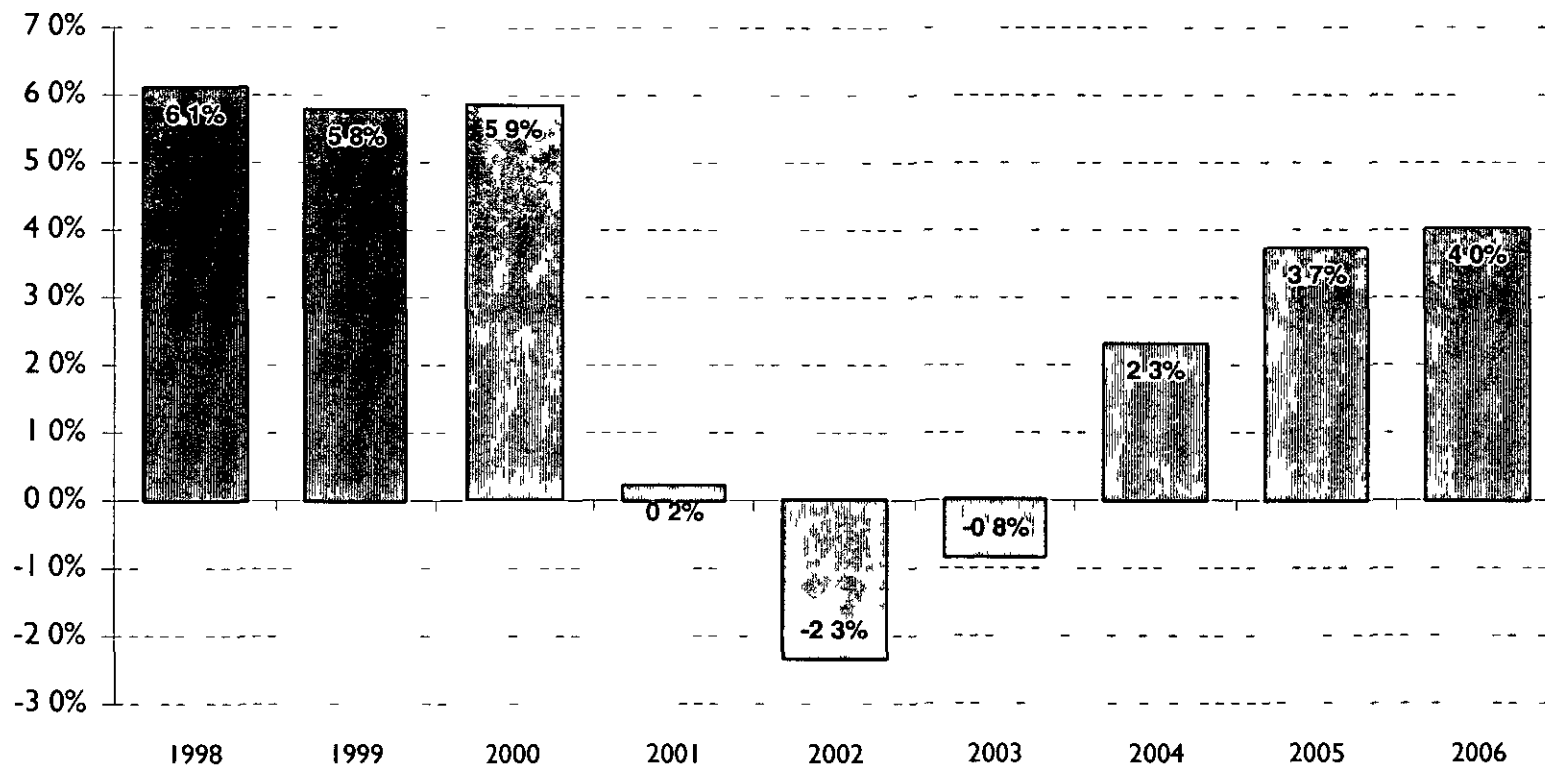


Note Austin had 165.8 thousand total migrants from 2000-06, 58.2 foreign and 107.6 domestic



Local Economy

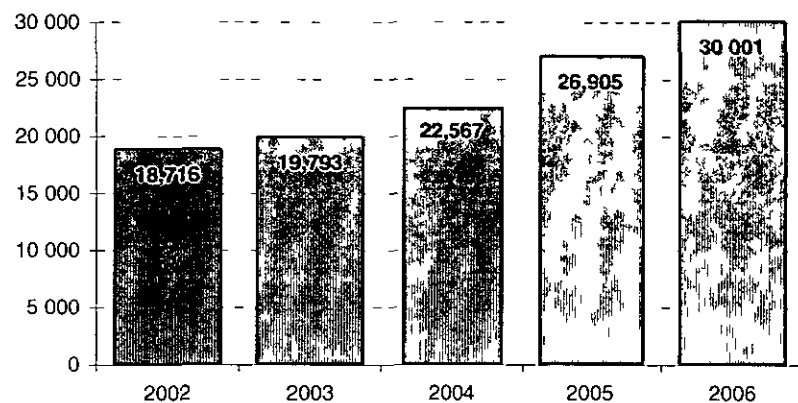
Total MSA Job Growth



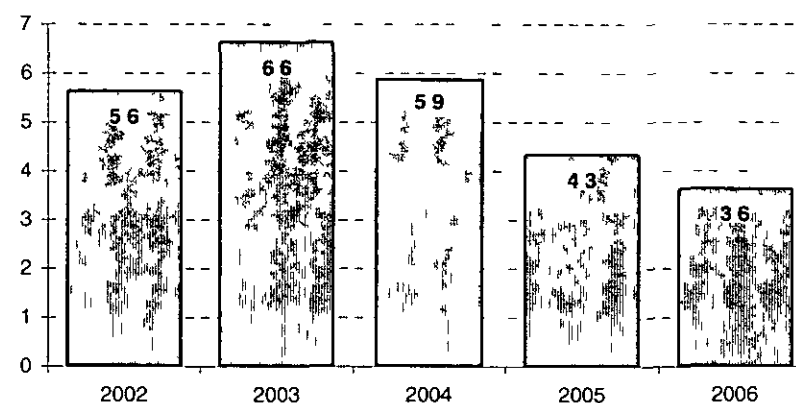


Local Economy - Housing

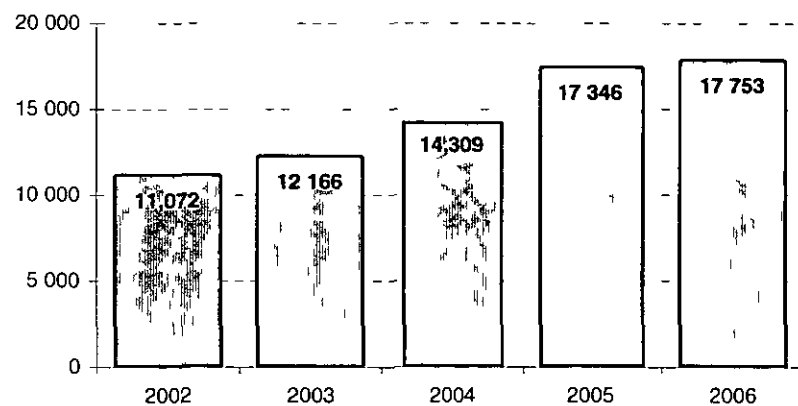
Number of Home Sales - MSA



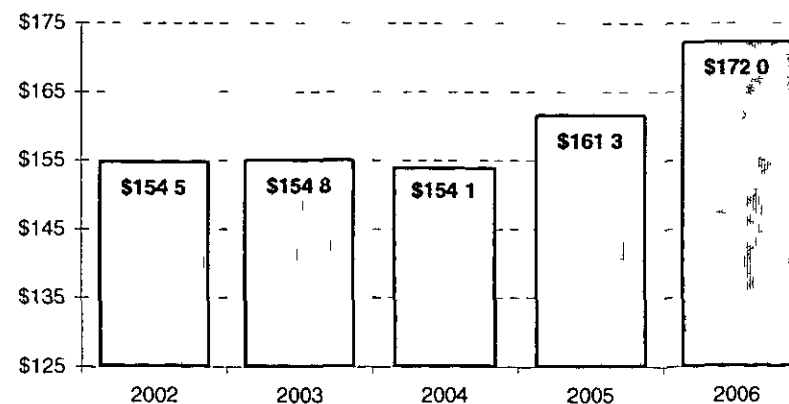
Months of Housing Inventory - MSA



Single-Family Permits - MSA



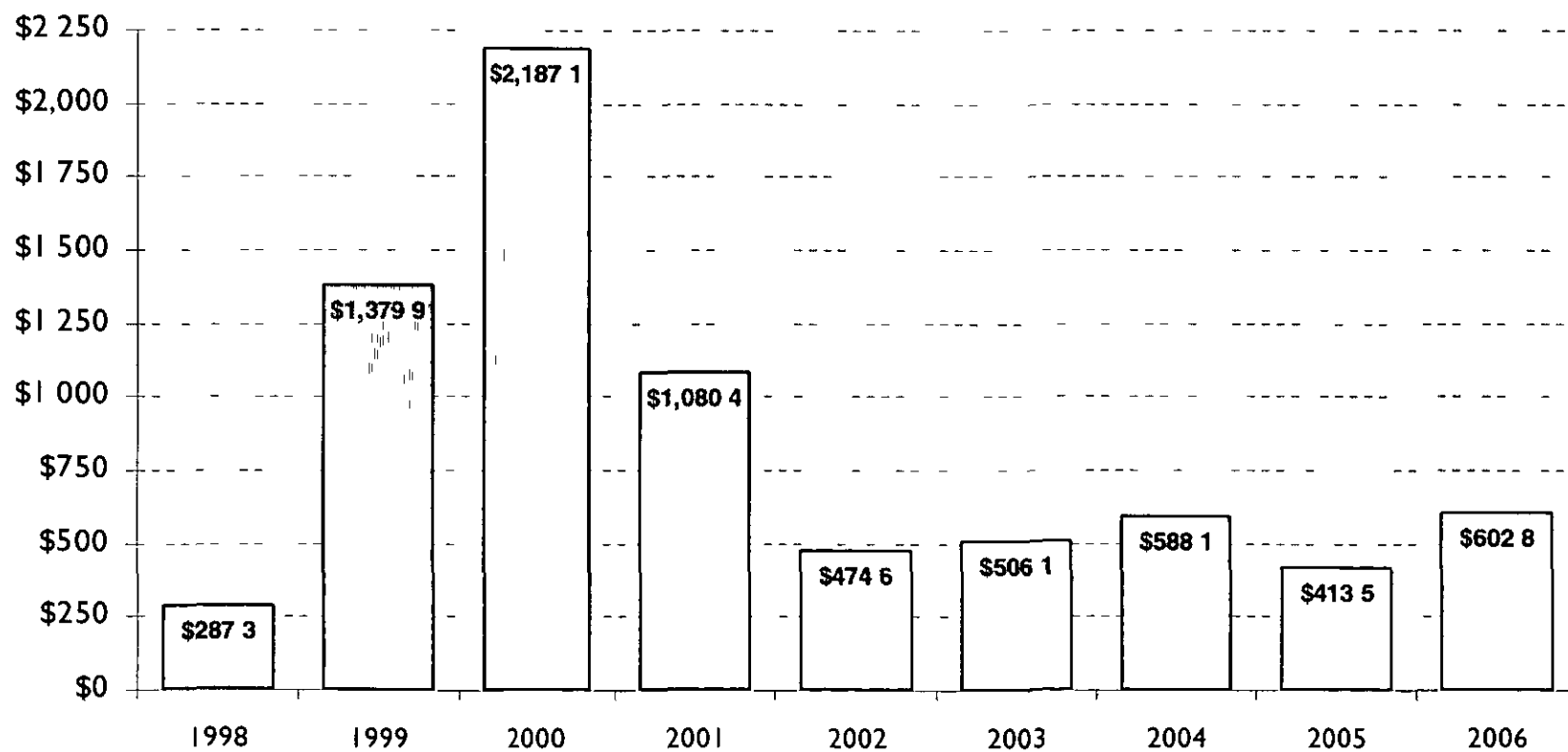
Median Price (\$000s) - MSA





Local Economy

Annual MSA Venture Funding - \$millions





Austin Forecast

Near-Term

- Continued (albeit slower) growth in the national economy, economic development success, and migration to the region should all contribute to growth for the foreseeable future
- Wage/job growth and construction offset rising interest rates – no signs of change in the near term – housing remains in balance
- Forecast is for MSA job growth this year to be up 3.3% (23,700 jobs). Personal income will rise 7.5%, MSA population will move toward 1.6 million
- Most rapid growth is in sectors related to consumer activity, but all sectors projected to have employment rise by at least 2%



Local Economy

Aggregate Forecasts

	Employment (000s)	Personal Income (millions)	Population
2006	720 0	\$53 432 774	1 513 565
2007	743 7	\$57 480 352	1 566 540
2008	763 9	\$61 689 753	1 610 403
2009	783 4	\$66 151 610	1 655 494
2010	803 2	\$70 739 640	1 698 537
2011	823 6	\$75 510 871	1 741 000
2012	844 5	\$80 500 517	1 783 655



Local Economy

Detailed Employment Forecasts (000s)

	2006	2007	2008	2009	2010	2011	2012
Const/Nat Resource	44.5	45.8	46.7	47.7	48.7	49.7	50.8
Ed/Health Services	73.2	75.4	77.7	79.8	81.8	83.8	85.9
Financial Activities	43.0	44.4	45.5	46.3	47.1	47.8	48.6
Government	151.9	154.9	158.0	161.2	164.4	167.7	171.1
Information	21.8	22.2	22.7	23.2	23.8	24.3	24.9
Leisure & Hospitality	74.0	77.7	80.0	82.3	84.7	87.1	89.6
Manufacturing	58.6	60.2	61.6	62.4	63.2	64.1	64.9
Other Services	27.6	28.4	29.2	30.0	30.8	31.7	32.6
Prof/Bus Services	98.7	102.8	106.4	109.6	112.9	116.4	119.9
Trade/Trans/Utilities	126.7	131.8	136.1	140.9	145.8	150.9	156.2
TOTAL	720.0	743.7	763.9	783.4	803.2	823.6	844.5



Austin Forecast

Medium-Term

- Longer-term trend is for continued growth, but at a somewhat slower pace – already signs of the boom beginning to abate Migration patterns will be an interesting determinant of aggregate performance
- Competition will come from the region as the “donut” begins to change – new town centers, continued reinvention of downtown – implications for traditional suburbs?
- Forecast is for MSA job growth this year to be up 2.6% from 2008-2012 Personal income will rise 7.0% annually during the same period, MSA population will be close to 1.8 million by 2012
- Some resurgence in the production sectors of the local economy, both due to economic development, recovery in several sectors, and new industries rising



Austin Longer-Term Development

Conclusions

- The economic divide – between and within nations and communities – continues to grow
- Adding value through the application of knowledge/talent is the basis of our core economy – directly in services, embedded in technology/art, or proximate through “experience” New areas of emphasis – R&D re med/biotech, creative “production,” exportable sustainability
- Fundamental key to long-term success – be the place where capable people want to be Implications for infrastructure, recreation, culture, diversity, etc



City of Austin Financial Forecast

May 3rd, 2007

Financial and Administrative Services



Budget Timeline

Oct 1 st	Begin Fiscal Year
Nov 19 th	Council Retreat
Feb 23 rd	Council Retreat – Follow-up
May 3 rd	Financial Forecast Presentation
May / June	Presentation Public Safety Taskforce and Audit & Finance
May 24 th	Budget Policy Discussion
July 26 th	Proposed Budget Presentation
Aug 9 th /23 rd /30 th	Department Budget Briefings & Public Hearings
Sept 10 th – 12 th	Budget Approval Readings

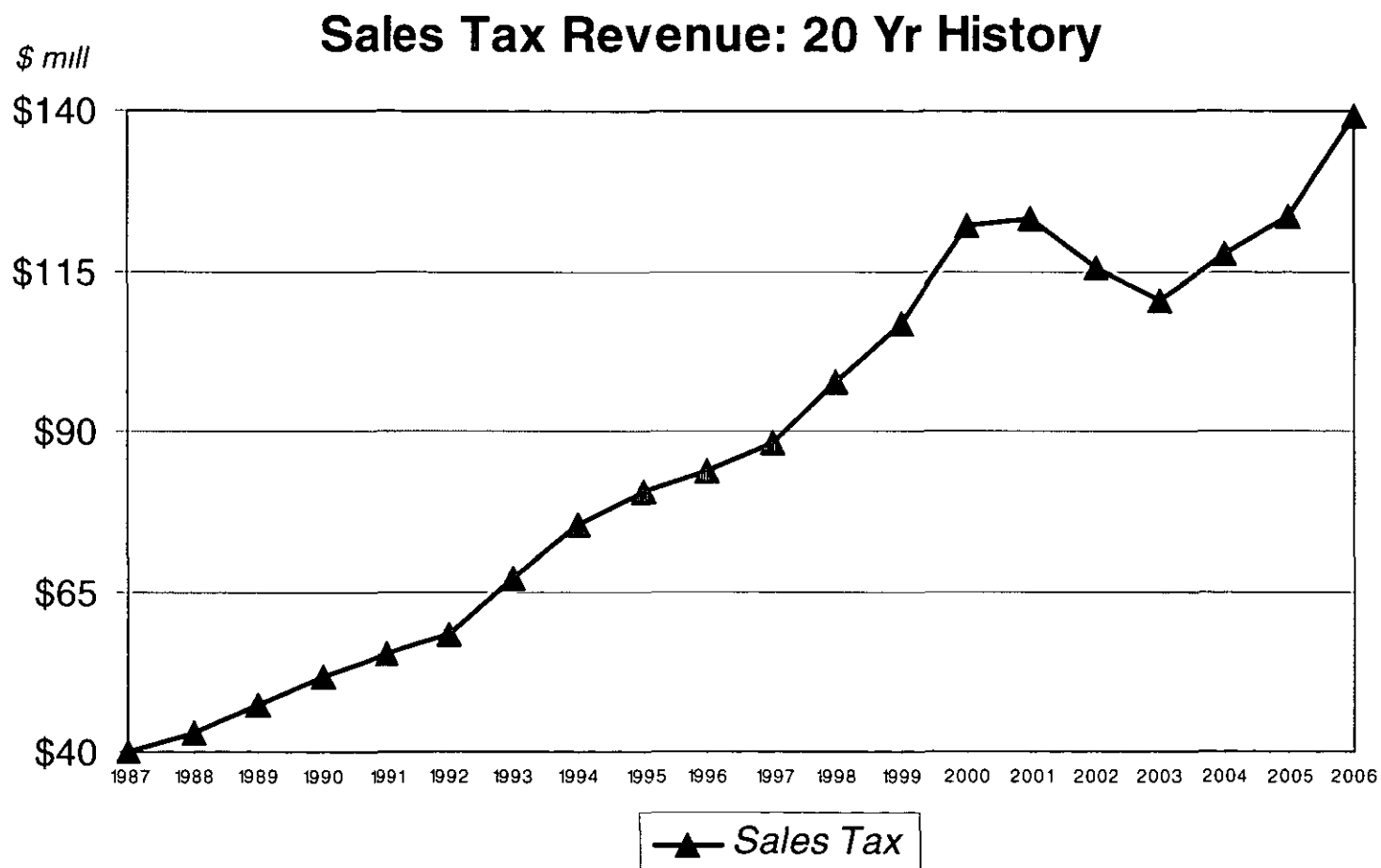


Continued Cautious Optimism

- ▶ Strong Economy
- ▶ Strong Revenue Growth
- ▶ Large & Increasing Cost Drivers
- ▶ Vital Core Service Investments needed
 - ▶ Growth related
 - ▶ Internal Controls



Growing ... but Volatile





Outline

- ▶ General Fund Summary
 - ▶ Revenue
 - ▶ Expenditures
 - ▶ Budget Stabilization Reserve
- ▶ Council Priorities
- ▶ Enterprise Funds



General Fund

General Fund Summary Financial Forecast FY 2008 - FY 2012 (\$ millions)

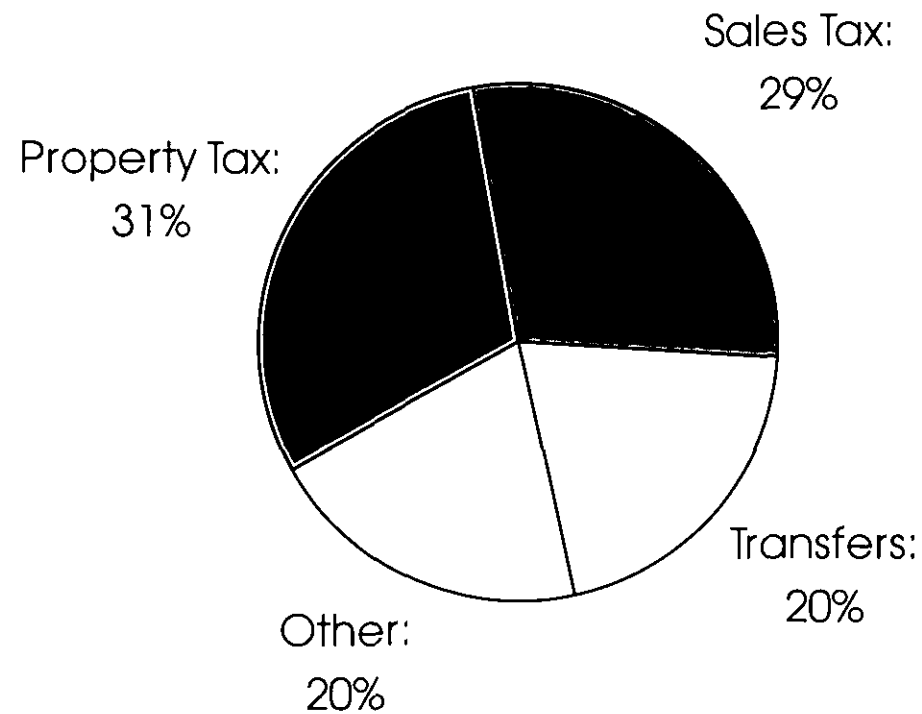
	2007 Estimate	2008	2009	2010	2011	2012
Revenue	539 0	568 3	601 6	638 1	664 2	692 1
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Cost Drivers	37 5	54 2	53 3	52 6	50 2	53 3
Core Service Investments	15 7	7 0				
Total Projected Expenditures	534 8	595 8	621 6	654 2	688 3	717 5
Gap to be Closed	4 1	(27 5)	(20 0)	(16 1)	(24 1)	(25 4)
Additional Tax Revenue		10 9	11 3	11 9	12 3	12 6
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General Fund Revenue



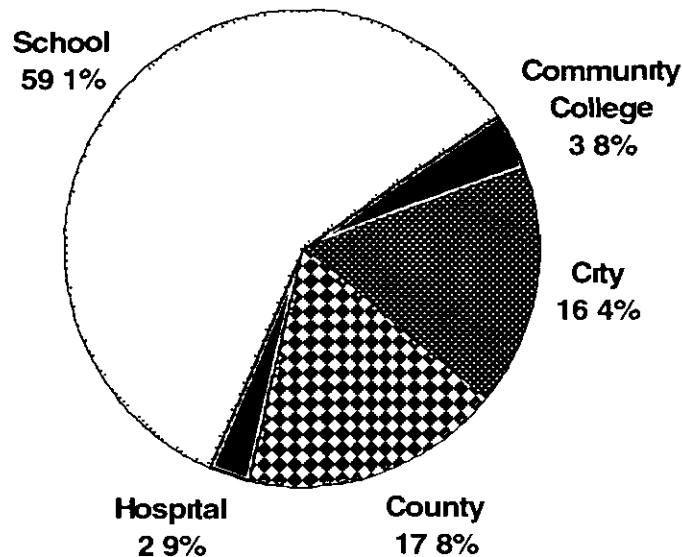
General Fund Revenue Categories





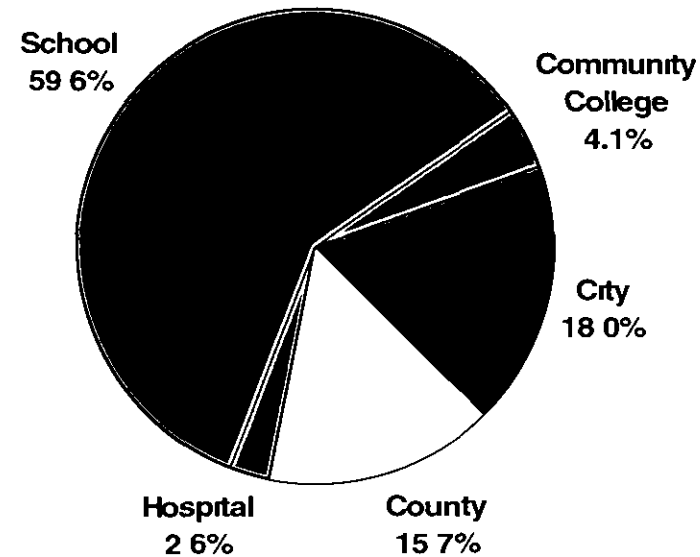
Austin 2006-07 Overlapping Property Tax

TAX RATE



Jurisdiction	Austin	Share
City	0.4126	16.4%
County	0.4499	17.8%
Hospital	0.0734	2.9%
School	1.4930	59.1%
Community College	0.0965	3.8%
Total Tax Rate	2.5254	

TAX BILL \$175,000 HOME



Jurisdiction	Austin	Share
City	\$722	18.0%
County	\$630	15.7%
Hospital	\$103	2.6%
School	\$2,389	59.6%
Community College	\$164	4.1%
Total Tax Bill	\$4,008	



Property Tax

- ▶ 31% of total General Fund revenue

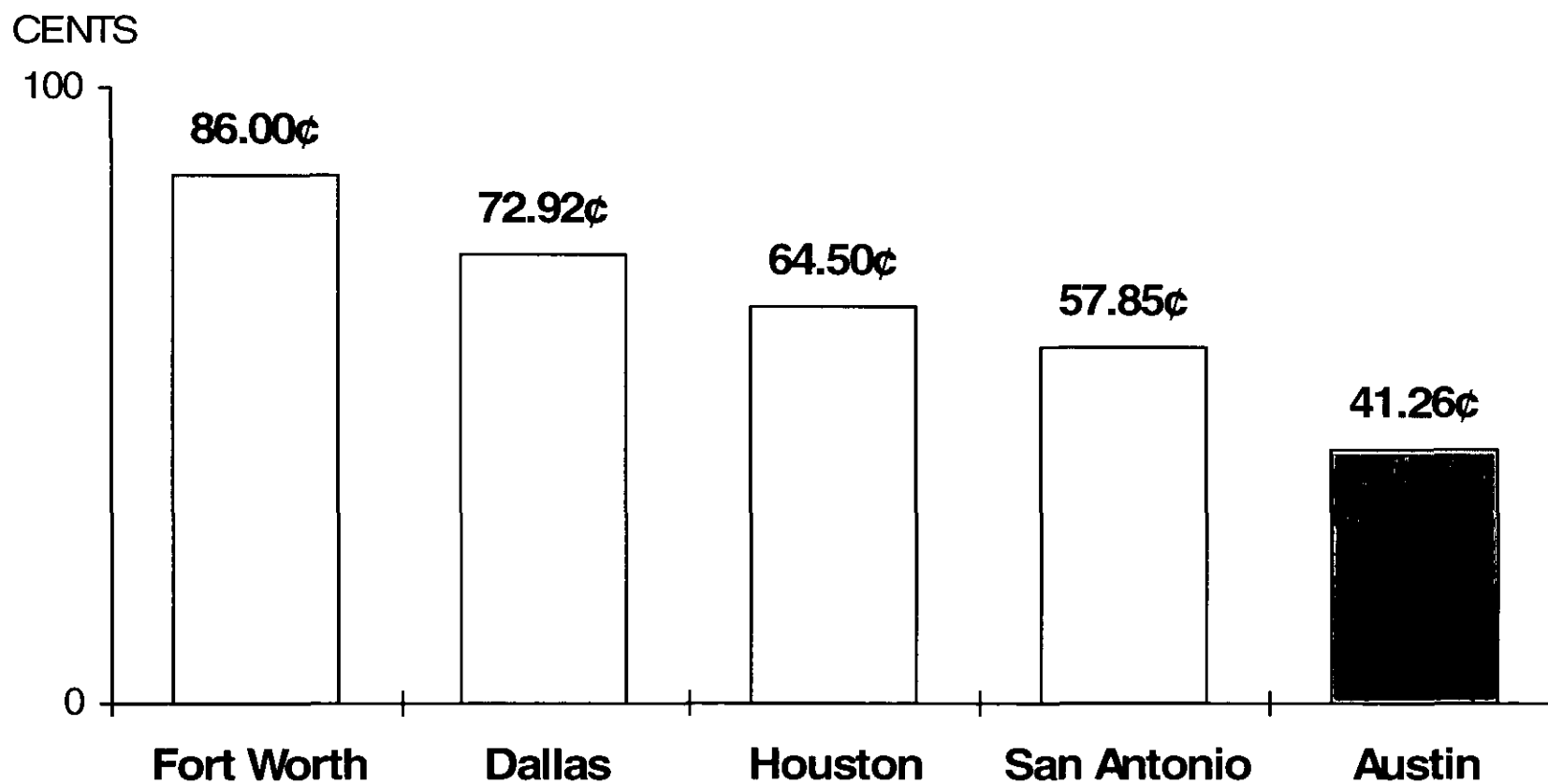
Assumptions

- ▶ Tax Rate: (current year 44.30¢)
 - ▶ FY 2008 39.54¢ — effective tax rate + 1.0¢
 - ▶ FY 2009 40.59¢ — effective tax rate + 1.5¢
 - ▶ FY 2010 41.34¢ — effective tax rate + 0.5¢
 - ▶ FY 2011 41.14¢ — effective tax rate
 - ▶ FY 2012 40.91¢ — effective tax rate
- ▶ Assessed Valuation: (current year \$ 52.4 b)

	Growth Rate	Total AV	New Property
▶ FY 2008	10.5%	\$ 66.6 b	\$2.0 b
▶ FY 2009	5.0%	\$ 69.9 b	\$2.2 b
▶ FY 2010	4.5%	\$ 73.0 b	\$2.0 b
▶ FY 2011	3.0%	\$ 75.2 b	\$1.8 b
▶ FY 2012	3.0%	\$ 77.5 b	\$1.5 b

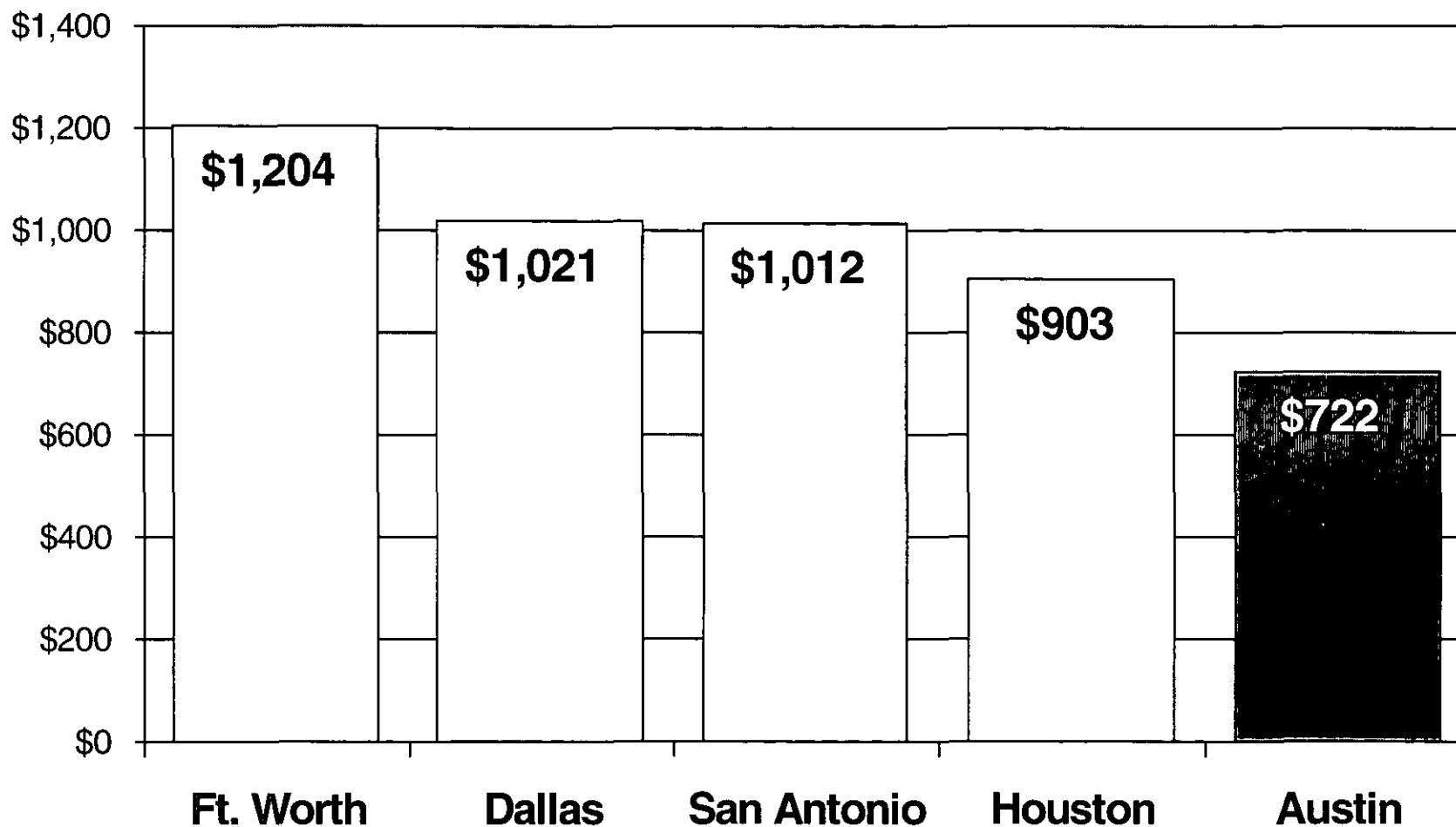


Property Tax Rate Comparison for 2006-07



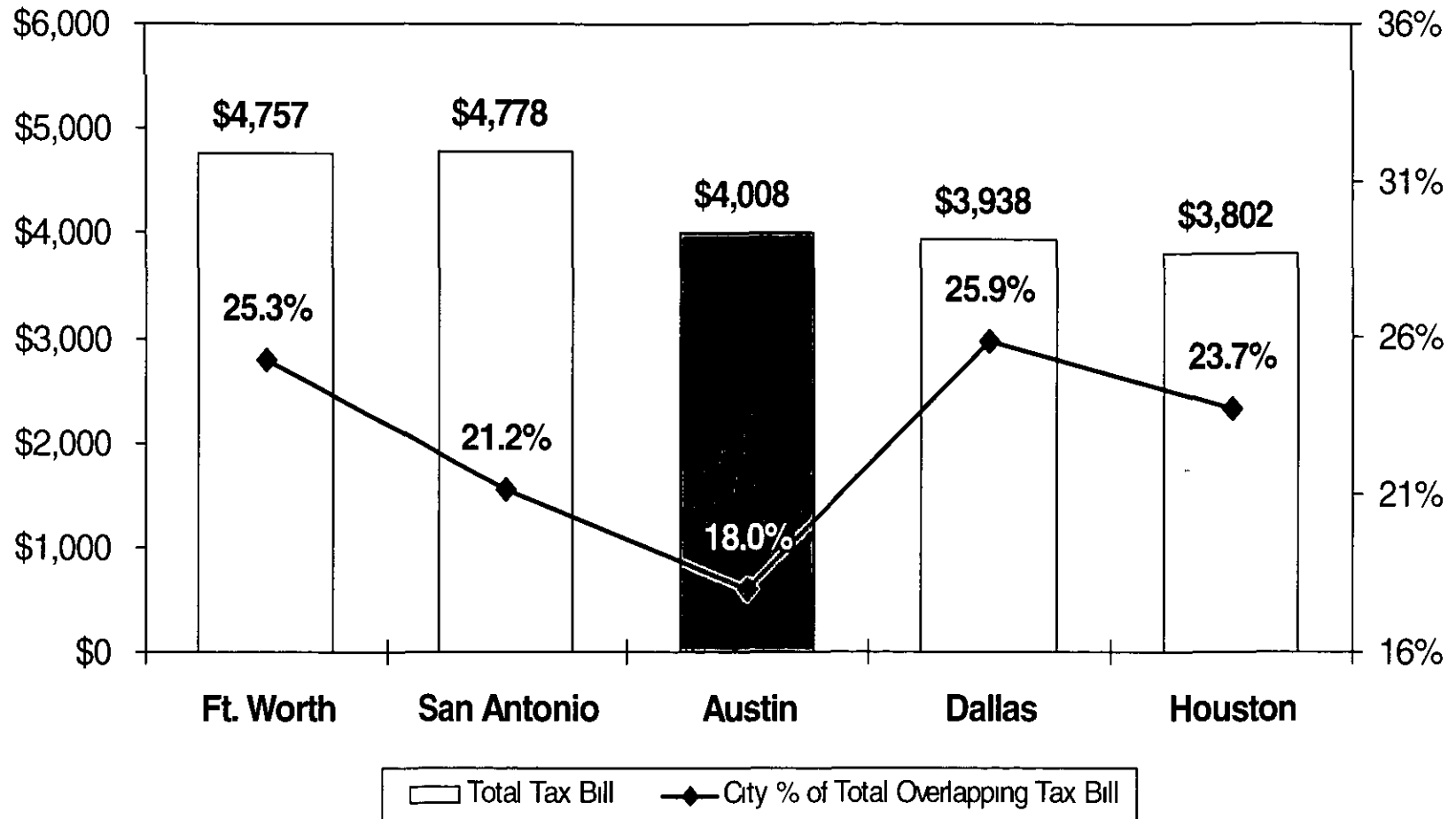


Property Tax Bill – \$175,000 Home Comparison for 2006-07



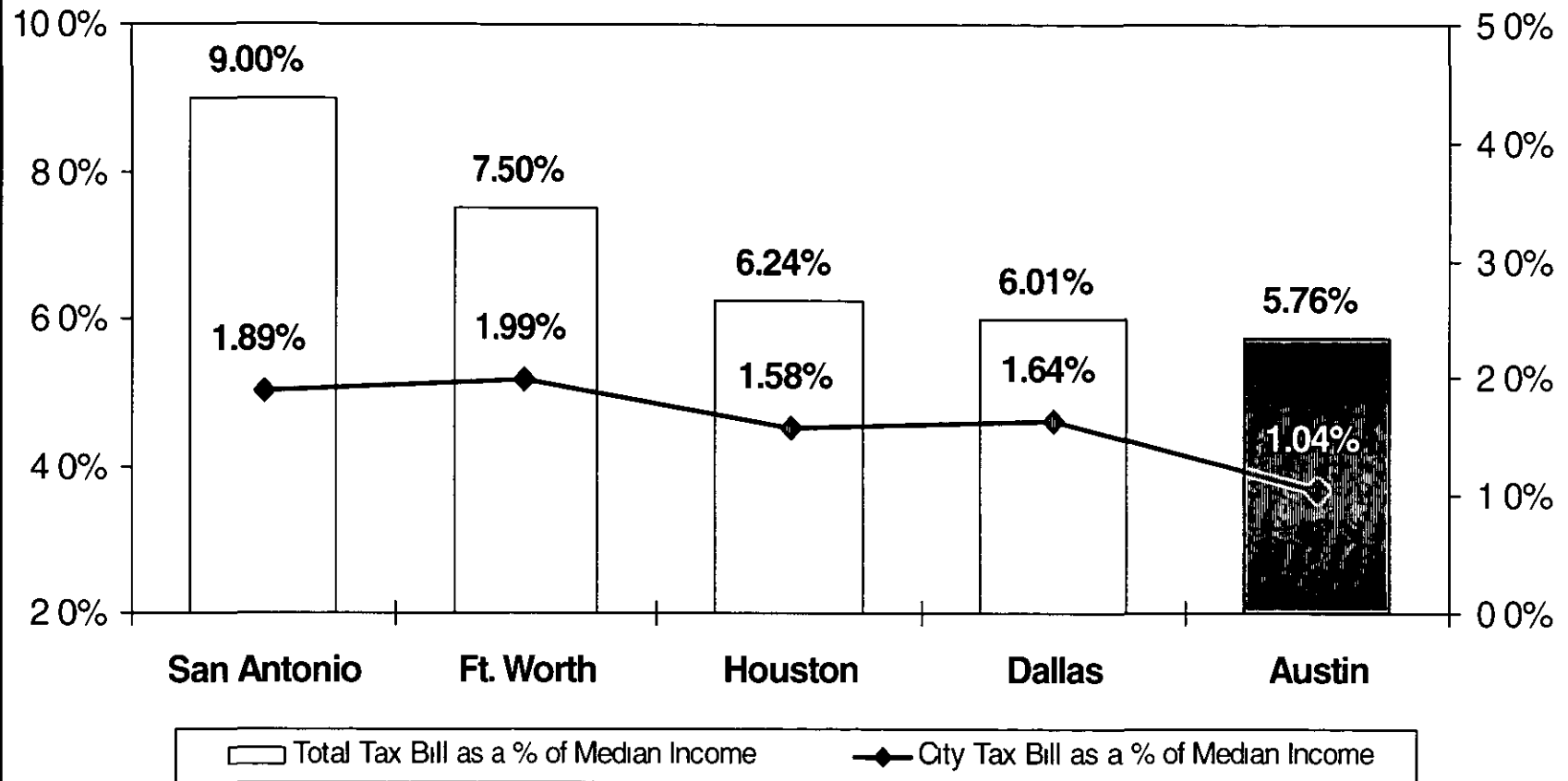


Overlapping Property Tax Bill Comparison for 2006-07





Property Tax Bill As Percentage of Median Income Comparison for 2006-07





Sales Tax

- ▶ 29% of total General Fund revenue

Assumptions

- ▶ Revised current year growth upwards, from 8.1% to 9.5%
- ▶ Continuation of robust economic recovery
- ▶ Growth rates
 - ▶ FY 2008 7.5%
 - ▶ FY 2009 7.5%
 - ▶ FY 2010 6.5%
 - ▶ FY 2011 6.0%
 - ▶ FY 2012 6.0%



Other Revenue

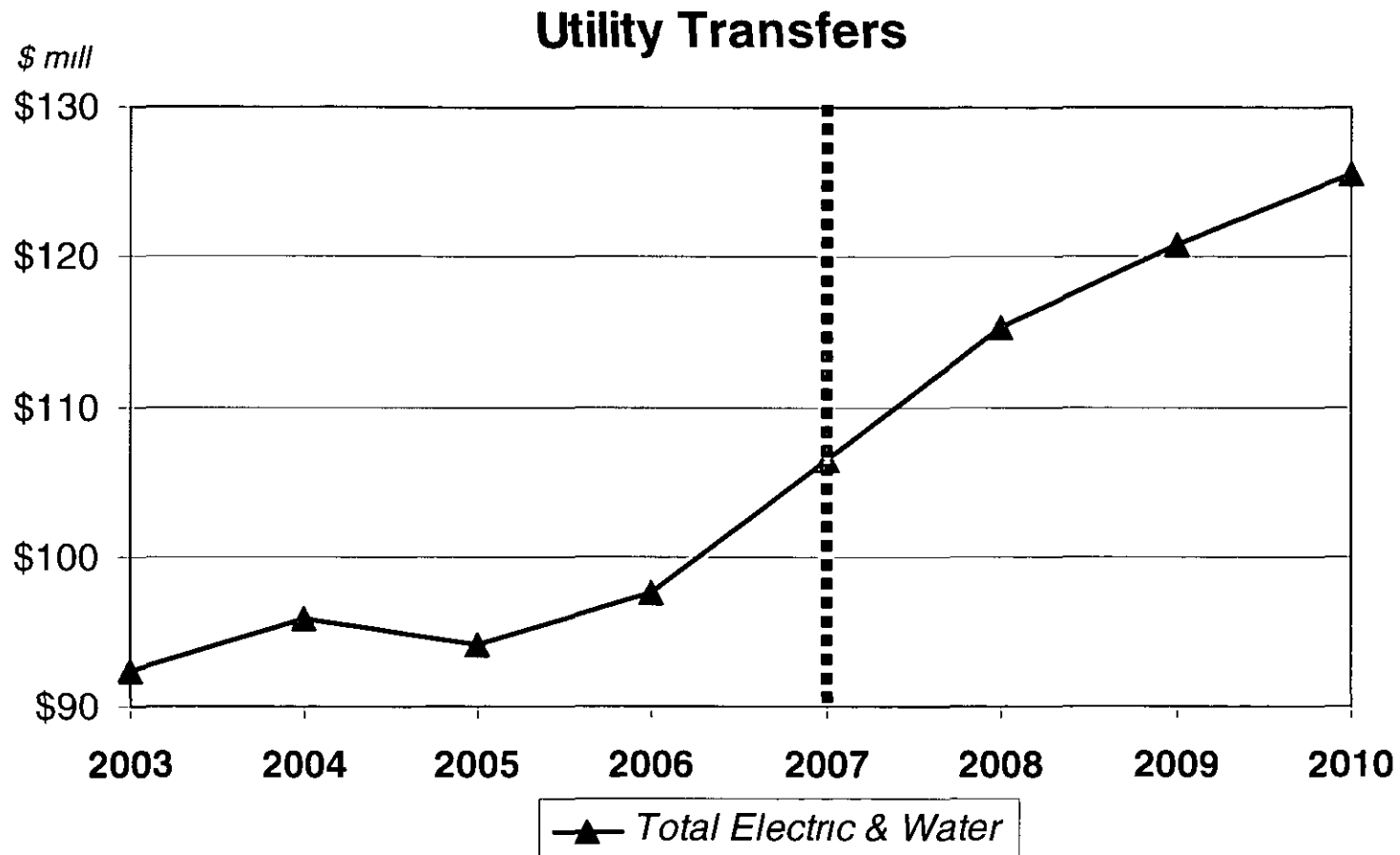
- ▶ Moderate increases in other revenue such as development, franchise fees and charges for services

Utility Transfers account for 20% of total General Fund revenues

- ▶ Transfer rates
 - ▶ Electric Utility 9.1%
 - ▶ Water Utility 8.2%



Transfer Revenue History





General Fund - Forecast Revenues

General Fund Total Forecast Revenue (\$ millions)					
	2008	2009	2010	2011	2012
Property Tax	174.4	187.8	205.8	213.3	220.7
Sales Tax	164.0	176.3	187.7	199.0	210.9
Utility Transfers	115.2	120.8	125.5	130.5	136.7
Others	114.7	116.7	119.0	121.4	123.8
Total Revenue	568.3	601.6	638.1	664.2	692.1
Increase	33.7	33.3	36.5	26.1	27.9

Base Cost Drivers	54.2	53.3	52.6	50.2	53.3
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General Fund Expenditures



Expenditures

- ▶ Base Budget
- ▶ Cost Drivers
- ▶ Core Service Investments



Forecast Assumptions

Base Budget

- ▶ Maintain funding to meet current service levels:
 - ▶ Public Safety, Public Health & Social Services
 - ▶ Parks programs & Library services
 - ▶ Permitting, Review & Inspection

Cost Drivers

- ▶ Maintain 2.0 Police Officers per 1,000 population
- ▶ Maintain Fire Enhanced Task Force Staffing
- ▶ Fund Public Safety Contracts
- ▶ O&M for new/expanded facilities
- ▶ Maintain Street Preventative Maintenance at 9% level
- ▶ 3.5% Increase for Social Service Contracts



Forecast Assumptions

Cost Drivers - Investment in the Workforce

- ▶ Pay for Performance
 - ▶ For FY08: 3.875% for civilian workforce
 - ▶ FY09 onwards: 4.5% for the entire workforce – both sworn and civilian
- ▶ Market Adjustments
 - ▶ Market study program included in each year
- ▶ Continuation of Reward & Recognition
- ▶ Health insurance increase of 15% in FY08, 10% thereafter
- ▶ Continuation of 1% retirement contribution
- ▶ Increase in training funding for front-line employees



Forecast Assumptions

Change in FY08 Cost Drivers (\$ mills)

<u>Category</u>	<u>FY08</u> <u>April 2006</u>	<u>FY08</u> <u>May 2007</u>	<u>Change</u>	<u>Major Changes</u>
Public Safety	\$24.1	\$32.4	\$8.3	<ul style="list-style-type: none"> * Officers for 2.0 * Police Overtime * Fire Overtime * EMS Overtime * Vacancy Savings
Other Departments & Transfers	\$12.5	\$21.8	\$9.3	<ul style="list-style-type: none"> * Street Preventative Maintenance * Health Insurance * Temp to Perm, including Library Security * Social Service Contracts - 3.5% * Turner/Roberts & Gus Garcia Rec Centers * Class B Misdemeanor Services * Expiring Health Grants * Bi-lingual pay full year costs of current program
Totals	\$36.6	\$54.2	\$17.6	



Forecast Assumptions

Core Service Investments

- ▶ City-wide effort to identify key investments for operational needs
 - ▶ Original requests total over \$18 million
 - ▶ Forecast includes \$7.0 million of investments
 - ▶ Primarily fall into two categories
 - ▶ Growth Related
 - ▶ Internal Controls



Forecast Assumptions

Core Service Investments - Growth Related Highlights

- ▶ Graffiti Abatement
- ▶ Permitting, Plan Review, and Building Inspection
- ▶ Urban Design
- ▶ EMS Peak Load Unit
- ▶ Parks Facility Preventative Maintenance
- ▶ Materials for our Libraries



Forecast Assumptions

Core Service Investments - Internal Controls

- ▶ HR resources for Muni Ct, Police, PARD
- ▶ Finance resources for Police, Fire, PARD
- ▶ EMS Communications
- ▶ Fire Dispatching



General Fund

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Budget Stabilization Reserve Fund

- ▶ Per City's Financial Policies:
 - ▶ At end of each year, excess revenue and unspent appropriation deposited into this reserve
 - ▶ Fund may be used for capital and one-time expenditures, but not to exceed 1/3 of total amount in the reserve, with 2/3 reserved for future years



'One-Time' Critical Costs

Preliminary Requests for FY08

Vehicle Replacements	\$ 8.4 million
Technology replacement & upgrades	\$ 5.9 million
Service Incentive Enhancement	\$ 2.5 million
1% Retirement Contribution	\$ 1.5 million
Department Capital Items	<u>\$ 4.6 million</u>
Total	\$22.9 million

<i>Amount Available from Stabilization Fund</i>	<i>\$15.1 million</i>
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Council Priorities

- ▶ Outcome of Feb 23rd Council Retreat Follow-up
 - ▶ Confirmation of Council Priorities
 - ▶ Determined Initiatives for each priority



Council Priorities

Rich Social & Cultural Community

Downtown – Waller Creek Tunnel, Cleanliness, Code Enforcement, Policing

Parks & Public Space – Hike & Bike Trail, PARD maintenance, Barton Springs Pool

Vibrant Urban Fabric

TODs, Commuter Rail & Downtown Circulator, San Antonio Rail Corridor & Station Plans, Corridor Plans, Related Funding/Infrastructure

Green Water Treatment Plan & Town Lake Intake Structures, 10% Street Preventative Maintenance



Council Priorities

Healthy, Safe City

Completion of Police External Audit, Water Conservation Policy, Long-term landfill plan

Sustainable Economic Development and Financial Health

Support Cutting Edge, Emerging Technologies, and Creative Class

Focus on Small Business Development and Support for Women & Minority Owned Business

City-wide Climate Protection Plan

Affordable Housing Initiatives



Council Priorities

- ▶ Effort is underway to address each of the 21 initiatives
- ▶ Partial or full funding for continuation of effort is included in this forecast
- ▶ Will be refining for policy discussion & the proposed budget



Enterprise Funds



Aviation

▶ Revenue

- ▶ Passenger traffic grows at 3.0% in the forecast period, consistent with population growth
- ▶ Total revenue projected to increase approximately 3.5% per year for the period

▶ Requirements

- ▶ Requirements are projected to grow at close to the same rate as revenue each year
 - ▶ Forecast includes cost increases associated with security mandates, maintenance and personnel
- ▶ Annual contributions to capital fund average \$9 million for improvements or expansion



Austin Convention Center

► Revenue

- 2006 bed tax collections up 22% over 2005
 - Bed tax accounts for about 60% of revenue
- 2006 rental car tax revenue up 27% over 2005
- Projecting more moderate growth in facility rental revenue, contractor revenue, and hotel tax revenue in the forecast

► Requirements

- Continued investment in technology will enhance facility amenities and services
- Ongoing equipment replacement
- Facility repairs & improvements



Watershed Protection – Drainage Utility Fund

▶ Revenue

- ▶ No rate increases for the forecast period
- ▶ Forecast based on 1.7% annual customer growth

▶ Expenditures

- ▶ Continuation of infrastructure and system improvement projects from Master Plan
 - ▶ FY 2008 Transfer to CIP is \$17.7 million
 - ▶ Ranges between \$13.7 million and \$16.7 million for remaining years
 - ▶ \$95 million in funding for drainage projects also included in the November 2006 bond program



Solid Waste Services

- ▶ Revenue
 - ▶ The PAYT program has not had a rate increase since its inception in 1997
 - ▶ SWS base revenue, with no rate increase, is projected to increase annually by 3%
- ▶ Expenditures
 - ▶ Forecast assumes implementation of single-stream recycling and closure of the FM812 Landfill, as well as funding for code enforcement
 - ▶ Growth in cost drivers (personnel / fuel / commodities) is expected to outstrip growth in base revenue
- ▶ Forecast shows ending balance declining below level needed per financial policy - rate increase needed in 2009



Austin Energy

- ▶ AE base rate has not increased since 1994
- ▶ Over the forecast period, average growth in base revenue with no rate increase is 2.2% annually
- ▶ Debt service is expected to increase over the forecast period to fund capital improvements estimated at \$921 million
 - ▶ Primarily distribution and transmission projects
- ▶ A rate increase may be needed in 2011



Austin Water Utility

- ▶ Debt service is expected to increase over the forecast period to fund capital improvements estimated at \$1.3 billion, primarily:
 - ▶ Treatment plant improvements
 - ▶ Extensions & improvements to respond to growth in demand in northeast and southeast service areas
 - ▶ Rehabilitation of aging infrastructure
 - ▶ Improvements to the reclaimed water system



Austin Water Utility

- ▶ Over the forecast period, average growth in base revenue is 2.0% annually
- ▶ Includes additional O&M funding for:
 - ▶ Water conservation
 - ▶ Environmental protection
 - ▶ Repair contracts to improve water leak and main break response times



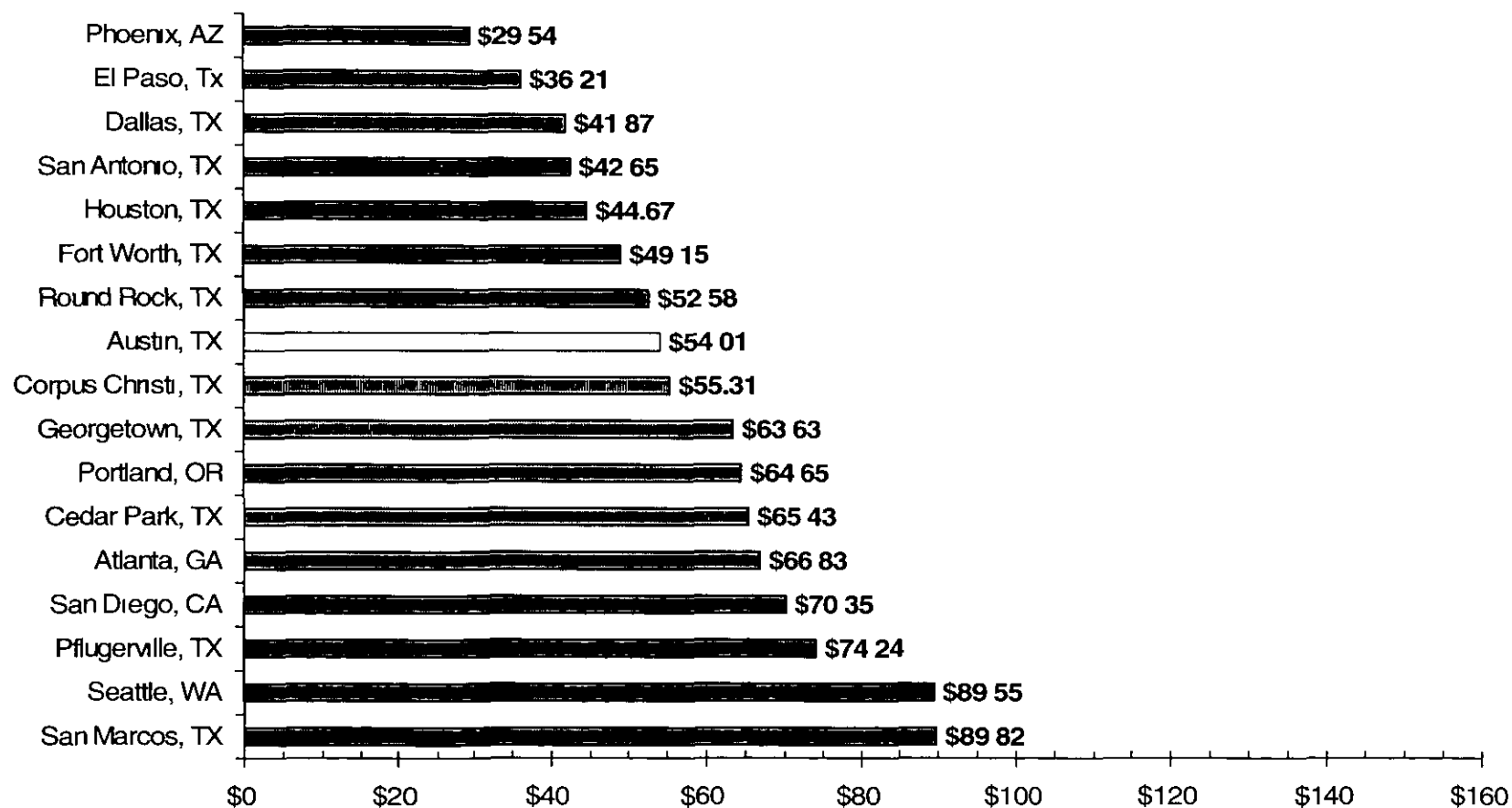
Austin Water Utility

▶ Combined Rate plan

	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>Total</u>
<u>Last Year</u>	7.2%	6.0%	6.0%	0.0%	0.0%	19.2%
<u>Revised</u>	9.8%	7.0%	7.0%	0.0%	0.0%	23.8%



Austin Water Utility





Key Dates

May 24th

Budget Policy Discussion

July 26th

Proposed Budget Presentation

August

Budget Presentations & Public Hearings

September
10th – 12th

Budget Approval Readings

FORECAST

FINANCIAL FORECAST OVERVIEW

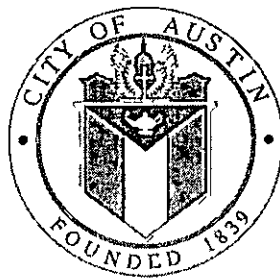
The Financial Forecast is prepared in compliance with the City's Financial Policies. The purpose of the Financial Forecast is to provide an early financial outlook to the City Council as part of the budget planning process. The Financial Forecast is not in the City's Proposed Budget. Many of these assumptions, projections, and cost estimates are based on early and preliminary information. As such, many assumptions, projections, and cost estimates may change as the Proposed Budget is developed.

Timeline

OCTOBER 1	BEGIN FISCAL YEAR
NOVEMBER 19 TH	COUNCIL RETREAT
FEBRUARY 23 RD	COUNCIL RETREAT – FOLLOW-UP
MAY 3 RD	FINANCIAL FORECAST PRESENTATION
MAY	PRESENTATION TO PUBLIC SAFETY TASKFORCE
MAY 24 TH	DRAFT POLICY BUDGET PRESENTATION
JULY 26 TH	PROPOSED BUDGET PRESENTATION
AUG 9 TH / 23 RD / 30 TH	DEPARTMENT BUDGET BRIEFINGS & PUBLIC HEARINGS
SEPT 10 TH - 12 TH	BUDGET APPROVAL READINGS

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ECONOMIC OUTLOOK

OVERVIEW

National economic growth remains positive, but growth has clearly cooled in recent months. Over-heated housing markets are perhaps the most obvious reason, as many communities across the country have seen a decline in prices and a rise in available inventory. The numbers tell the tale, as the National Realtors Association expects virtually every housing indicator to fall from 2006 to 2007 before staging a modest recovery during 2008.

In the meantime, the business cycle has shown signs of maturing, as business investment and profits both appear to have hit their cyclical peak. However, employment growth and consumer spending remain fairly solid, and inflation continues to be relatively tame. Taken together, it appears that the national economy has enough momentum to continue to expand (especially if the housing market bottoms soon). As a result, the U.S. should see GDP increase 2.6 percent during 2007, a level that reflects a slowdown in consumer activity and higher interest rates and prices than over the past several years. Growth should remain positive over the next five years, but the rate of expansion likely will not match the recent past.

In Austin, the economy remains hot, with tax revenues and local employment continuing to accelerate over the past 12 months. New relocations in the local production sector, continued growth in tourism, a strong real estate market (which remains driven in large part by population and job growth) and continued construction (especially infrastructure-related) generated a much stronger than initially reported level of job growth. Revised figures put the 2006 MSA employment base at 720.0 thousand, a gain of 4.0 percent from 2005. The continuation of these trends should yield an increase in the overall MSA employment base of 3.3 percent this year and 2.7 percent during 2008, while the longer-term outlook is for job growth to be in 2.5 percent range annually from 2009 through 2012. Personal income will rise 7.1 percent annually over the next five years. These rates are based on a baseline assessment of current market conditions, and are independent of any significant economic development initiatives beyond what is current public knowledge.

TABLE 1 CHANGE IN KEY NATIONAL REAL ESTATE INDICATORS

	2005	2006	2007	2008
Existing Home Sales	4.4%	-8.5%	-0.9%	3.7%
New Single Family Sales	6.7%	-17.4%	-10.4%	3.3%
Housing Starts	5.8%	-12.9%	-16.7%	4.1%
Single-Family Units	6.5%	-14.6%	-20.5%	3.9%
Multifamily Units	2.1%	-4.5%	0.1%	4.7%
Residential Construction	8.6%	-4.2%	-12.8%	3.0%

THE NATIONAL ECONOMY

The national economy downshifted during the latter part of 2006, with overall growth well below the pace of recent years. Slow productivity growth, a reduction in business investment, and problems in the housing market were the primary causes of the deceleration. At the same time, profits remain strong, with cost-cutting and rising demand both contributing to a solid gain in the bottom line for many firms, a trend that has been enhanced for those engaged in high value-added production by the relatively weak dollar.

TABLE 2 GDP GROWTH (SEASONALLY ADJUSTED AT ANNUAL RATES - SAAR)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2004	3.9%	4.0%	3.1%	2.6%
2005	3.4%	3.3%	4.2%	1.8%
2006	5.6%	2.6%	2.0%	2.5%

BUSINESS INVESTMENT STAGNATES, BUT HIRING REMAINS FAIRLY POSITIVE

As corporate profits improved, business investment picked up, as firms began to believe that the recovery was sustainable. This rise in investment also reflected an increasing substitution of capital and technology for labor, as hiring has been slower than what historically would have been expected during economic recovery.

TABLE 3 CHANGE IN SPENDING ON EQUIPMENT AND SOFTWARE (SAAR)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2004	1.2%	7.3%	13.0%	12.3%
2005	6.3%	7.9%	11.0%	2.8%
2006	15.6%	-1.4%	7.7%	-3.2%

TABLE 4 REAL PRODUCTIVITY GROWTH (SAAR)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2004	4.4%	3.8%	1.7%	2.4%
2005	2.5%	1.5%	2.4%	2.0%
2006	2.1%	2.2%	1.1%	1.4%

TABLE 5 YEAR-OVER-YEAR EMPLOYMENT GROWTH

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2004	0.3%	1.1%	1.4%	1.6%
2005	1.6%	1.6%	1.9%	1.8%
2006	1.9%	1.9%	1.7%	1.7%

TABLE 6 REAL DISPOSABLE PERSONAL INCOME GROWTH (SAAR)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2004	3.9%	2.4%	2.8%	7.5%
2005	-4.0%	0.5%	-0.6%	5.5%
2006	4.6%	-1.5%	3.2%	5.3%

CONSUMER SPENDING REMAINS STABLE, BUT INTEREST RATES (AND THE IMPACT ON HOUSING) ARE WORRISOME

Consumer spending has been a mainstay of the national economy, as shoppers have been willing to take advantage of aggressive pricing, widely available consumer credit, and low interest rates to maintain purchasing patterns. While higher interest rates could slow spending (especially related to the use of home equity refinancing), improvement in the job market could enhance both confidence and aggregate income. Growth in this segment of the economy should be in the 2.5 percent range for the coming year.

TABLE 7 PERSONAL CONSUMPTION EXPENDITURE GROWTH (SAAR)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2004	4.7%	2.9%	3.9%	4.3%
2005	2.7%	4.2%	3.9%	0.8%
2006	4.8%	2.6%	2.8%	4.2%

TABLE 8 RESIDENTIAL INVESTMENT GROWTH (SAAR)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2004	3.1%	19.8%	3.2%	-0.6%
2005	11.1%	20.0%	7.1%	-0.9%
2006	-0.3%	-11.1%	-18.7%	-19.1%

SIGNS OF INFLATION APPEAR MODERATE, BUT BUILDING MATERIALS AND HEALTHCARE CONTINUE TO BE A COST-DRIVER

The impact of the energy sector has pretty well worked its way through the inflation figures, but building material costs have surged over the past year (a situation that may be eased somewhat by the national housing downturn). While the growth in health insurance premiums has at least slowed, it remains well above both inflation and the rise in worker earnings. In addition, there continue to be signs that firms in many industries are beginning to be able to exercise pricing power (albeit at modest level), a variable that has not been in the equation for some time. Fears of rising inflation are the primary justification for the tightening of monetary policy, although concern about attracting foreign capital to U.S. debt is also in the mix.

FIGURE 1 PRODUCER PRICE INDEX FOR MATERIALS/COMPONENTS USED FOR CONSTRUCTION

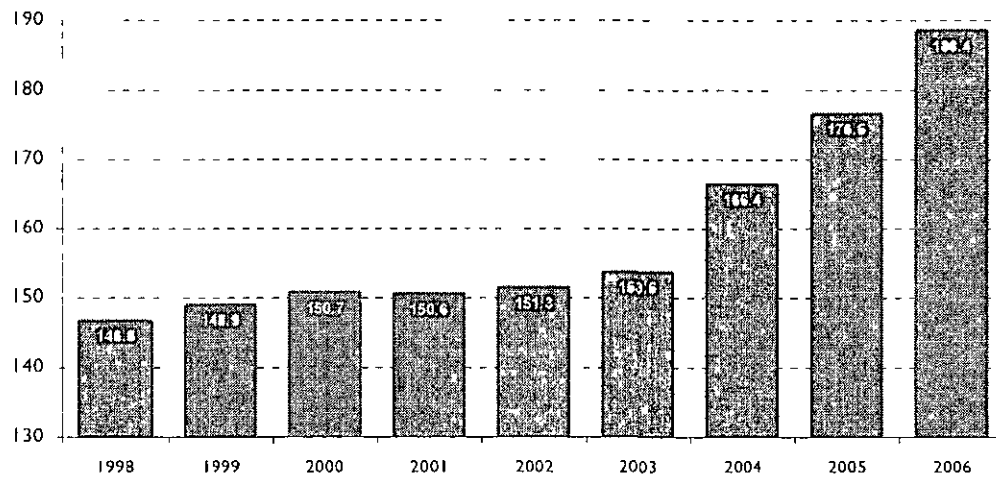
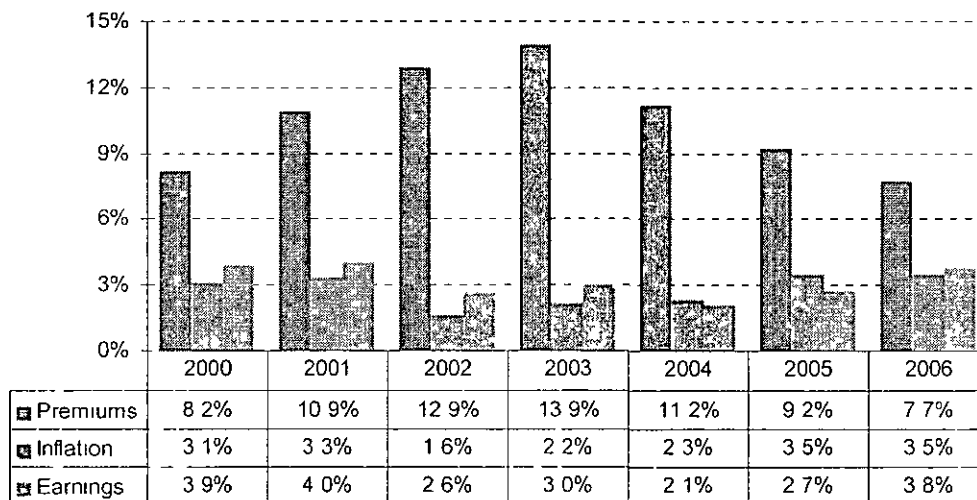


FIGURE 2 GROWTH IN HEALTH INSURANCE PREMIUMS, INFLATION, AND WORKER EARNINGS



MONETARY AND FISCAL POLICY REMAIN AT ODDS

Having hit a historic low in June 2003, the Fed subsequently embarked on a pattern of systematically tightening, pushing the federal funds rate from 1.0 percent to 5.25 percent three years later. This tightening of monetary policy was based in large part on the perception that inflation was in danger of accelerating, due to hot housing markets and rising commodity prices. However, these pressures have eased in recent months, suggesting little need for tighter monetary policy (especially if housing markets remain cool). At this point, any shift in policy likely would be to lower rates, although an unexpected price shock could change that equation.

THE NATIONAL FORECAST IS FOR SLOW ECONOMIC GROWTH FOR THE BALANCE OF 2007

Cooling housing markets and slower corporate investment signal the maturation of the business cycle, and would normally foretell a recession. However, some job growth (helping prop up consumer spending), better inventory management, and growth in a number of overseas markets (creating demand for U.S. exports) all indicate that aggregate growth will slow, but remain positive. Assuming core inflation (excluding food and energy) does not rise sharply and the dollar does not plummet, the net effect should be slightly slower growth, with GDP projected to increase 2.6 percent this year. Over the next five years, GDP should move toward expansion in the 2.5 to 3.0 percent range annually, as the economy's potential growth of 3.5 to 4 percent per year (based in part on enhanced productivity associated with information technology) is tempered by slower labor force growth.

THE LOCAL ECONOMY

The Austin metro area's economy has been among the most rapidly growing in the nation for the past several years, with most measures (especially in light of recent revisions to employment data) growing at a pace that is reminiscent of the performance of the mid-90s. Some improvement is expected this year, as the impact of announced economic development projects should push production job counts higher. In the meantime, low interest rates and continued in-migration have led to a real estate and construction surge. Signs of development are everywhere in Austin, suggesting that the near-term outlook will be significantly influenced by trends in this area. As a result, special attention is given to the status and outlook for local construction and real estate.

REAL ESTATE FOCUS

The driving factors behind the real estate market in Austin appear deceptively simple, with demand stronger than supply in virtually every segment, prices should stay firm, prompting new development to occur. All other things being equal, demand is a function of household and employment growth, both of which are expected to remain strong for the near future. As a result, we see little change in the overall direction of the Austin real estate market, although generally higher interest rates and a national slowdown may have some impact.

SINGLE-FAMILY HOUSING

A surge in both prices and sales continued to characterize the Austin area single-family home market during 2006, as the Texas A&M Real Estate Research Center reports that the volume of homes sold, average price, and median price have all reached record highs. Perhaps more telling, this high volume of activity has occurred without the market getting out of balance, as the months of available inventory last year averaged 3.6, consistent with a market where supply matches demand.

Early indications from 2007 suggest that the local housing market has been fairly stable, as growth in prices, number of homes sold, and available inventory appears to have leveled off. However, the change over the past ten years has been remarkable, as Austin has moved from a relatively affordable place to a "premium" market. One housing statistic stands out: during 1996, more than two-thirds of the homes sold in the area were priced at less than \$140,000; today, less than a third fall in that category.

TABLE 9 SINGLE-FAMILY HOUSING

	Home Sales	Median Price	Months Inventory
1998	15,583	\$117,900	4.2
1999	18,135	\$126,600	2.8
2000	18,621	\$144,500	2.4
2001	18,392	\$150,600	4.7
2002	18,716	\$154,500	5.6
2003	19,793	\$154,800	6.6
2004	22,567	\$154,100	5.9
2005	26,905	\$161,300	4.3
2006	29,911	\$172,000	3.6

TABLE 10 HOME SALES PRICE BREAKDOWN

	1996	2001	2006
Less than \$140,000	68.8%	43.8%	32.6%
\$140,000- 250,000	23.7%	37.7%	40.4%
\$250,000-400,000	5.7%	12.7%	16.8%
\$400,000+	1.8%	5.8%	10.2%

The following is drawn largely from a publication called The Source produced online by Commercial Industrial Properties NAI. For more information, see www.austinsource.com

RETAIL

While demand remains strong, a huge amount of new retail space is scheduled to hit the market in 2007, as the NAI Commercial Industrial Properties NAI (CIP) projects an additional 3.25 million square feet of retail delivered by the end of the year. This will exacerbate a current trend of large tenants relocating to new space, and could influence overall occupancy, which currently stands at 93.3 percent citywide.

More from CIP: "Due to construction cost increases and increasing land prices, the gap between rental rates for existing centers and rental rates for these new, large projects is rapidly widening. This is more prevalent in the peripheral submarkets as the mature, infill submarkets have seen a steady rise in rates over the past several years resulting in higher base rents for existing space due to the fact that the higher population density results in stronger trade areas for retailers."

For national retailers who can spread the exposure to these high rates across a portfolio of locations, these rates are easier to absorb. However, for smaller local and regional tenants, these rates can be excessive and will push many of these tenants into smaller developments and second generation space. In light of the large jumps in expenses related to taxes, insurance, and utilities anticipated for the next few years, retailers will focus more on limiting their exposure to high base rental figures as a method to protect against spiraling overall occupancy costs."

OFFICE

Recent Trends

From CIP: City-wide absorption for 2006 was a positive 1,163,321 sf, the highest volume since 2000. The majority of 2006's absorption occurred in the last 6 months of the year. Rental rates city wide averaged \$24.16/sf/Year full service, up \$3.05 from the end of 2005 a 14% increase in rates over the past year. This continues the trend which began in 2004 of increasing rental rates and demonstrates the strength of Austin's office market. City-wide direct vacancy decreased to 13%, down from 16% at the same time a year earlier. Direct vacancy continued its three year trend of decreasing. New construction commenced in the office market predominantly in the SW and NW sectors, which were below 10% vacancy. Based on a survey of projects recently completed or under construction, over one million square feet is expected to be added to the speculative office market over the next twelve months.

Outlook

With vacancy rates shrinking overall, large blocks of space becoming rarer and continued job growth in the region, we anticipate rental rates to continue to rise on average. Given the gap

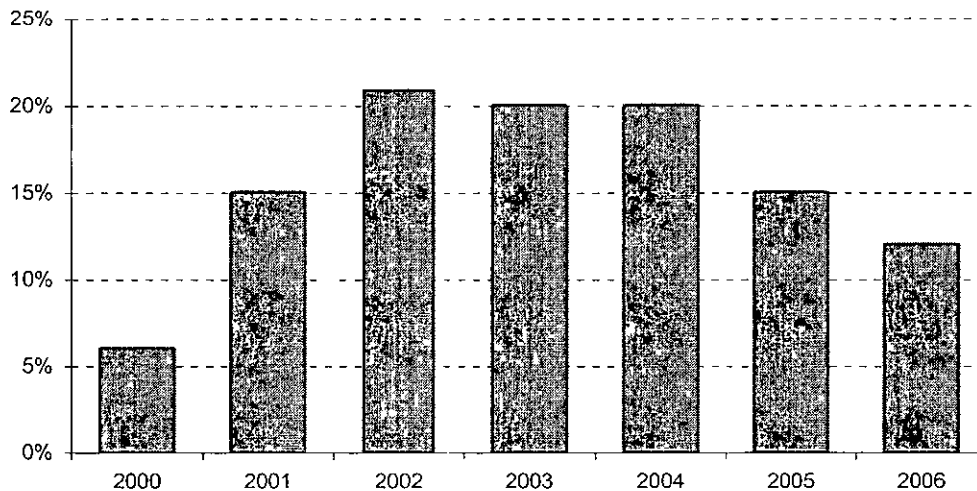
between the cost of new construction and existing rental rates, we would expect the Class A average rates to close this gap.

INDUSTRIAL

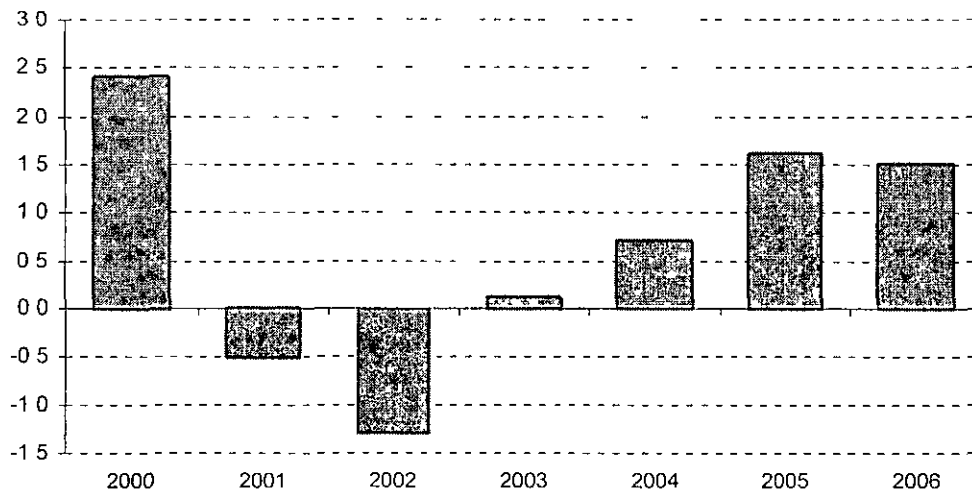
Vacancy

After holding at 15% for the two previous reporting periods, overall industrial vacancy rates for year-end 2006 declined to 12%. The last time vacancy numbers dipped to this level was in 2001 just prior to the recent slowdown. In spite of 441,348 sf being added to inventory, the overall market size decreased by 493,771 sf due to user purchases, changes of use/redevelopments and tear downs. The vacancy rate for warehouse space is now at 9% (down from 11% reported just 6 months earlier). Flex/R&D vacancy is now at 16% (down from 20% at mid-year 2006).

FIGURE 3 HISTORICAL INDUSTRIAL VACANCY RATES



Net absorption for the last 6 months of 2006 was a positive 1,100,161 sf (represented by approximately 45 percent warehouse and 55 percent Flex/ R&D). Most of this absorption occurred during the later half of the year, and continues a four-year positive trend.

FIGURE 4 HISTORICAL INDUSTRIAL ABSORPTION MILLIONS OF SQUARE FEET

THE AUSTIN MSA ECONOMIC FORECAST

The national economy is an important driver of the short-term outlook for the Austin MSA, as national and international trends are the determinants of success or failure for an increasing number of locally-based firms. In addition to the obvious connection for the bulk of the local tech manufacturing sector, "soft" technology and professional services are also serving broader and broader markets. Meanwhile local consumer confidence is influenced by the overall national situation and outlook. At the same time, the growing appeal of the region as a site for expansion and relocation (of both people and firms) helps Austin consistently perform "above the line" relative to the U.S. as a whole. Assuming that U.S. economic growth does not abate significantly (below 2 percent GDP expansion), Austin-area job growth should remain solid, although the torrid pace of 2006 will slow to some degree. The forecast is for a total of 23,700 net new jobs to be created this year (approximately 3.3 percent ahead of last year, measured on an annual year-over-year basis). This improvement will be fairly broad-based, while the bulk of the net new jobs will be in the secondary sectors of services, trade, and government, we expect that every sector of the local economy should finish the year ahead of 2006.

During 2008, overall growth in the Austin region will remain positive, with the forecast for an additional 20,300 net new jobs to be added. On the one hand, recent economic development announcements will lead to job creation over the next several years, which will help bolster the production side of the local economy. On the other hand, rising interest rates could mute growth in consumer spending, both for retail purchases and real estate, and consumer confidence may be shaken by reports of struggling

housing markets elsewhere. Tourism will continue to make a strong contribution, as new infrastructure, a weak dollar, and momentum/buzz all contribute to strong growth.

TABLE 11 AGGREGATE MEASURES OF THE AUSTIN MSA ECONOMY

	Employment (000s)	Personal Income (millions)	Population
2006	720.0	\$53,432,774	1,513,565
2007	743.7	\$57,480,352	1,566,540
2008	763.9	\$61,689,753	1,610,403
2009	783.4	\$66,151,610	1,655,494
2010	803.2	\$70,739,640	1,698,537
2011	823.6	\$75,510,871	1,741,000
2012	844.5	\$80,500,517	1,783,655

Over the next five years, growth in the Austin region should remain relatively strong, as the region moves toward a sustainable trend. After several years of essentially no growth during the downturn, the Austin MSA job base bounced sharply back, growing 3.7 percent in 2005 and 4.0 percent last year. Following 2007 expansion of 3.3 percent, the local job base should expand at a compound annual rate of 2.6 percent from 2008 through 2012. Similarly, total MSA personal income will rise 7.0 percent annually over the same period. The national economy remains an important determinant of Austin's economic outlook. Other key factors that will help shape the course of the economy include:

- *Continued migration to the region and downtown.* While population growth tends to follow the local economic cycle to some degree, the longer-term outlook is for Austin to remain an attractive site for relocation, especially for those whose income is not tied to the local economy. Attraction of people is arguably as important to Austin's economic future (and tax base) as attraction of firms, and the community will be well served by remaining a desirable destination for those who can afford to live wherever they choose.
- *Maintenance of the current "hard" technology base.* Given the increasingly competitive environment for semiconductors and other manufactured technology products, the recent announcements of several expansions and relocations bodes well for the future of "hard" technology in Austin. On the other, Dell remains something of a wildcard as it seeks to recover from its recent slowdown.
- *Growth in activity related to research and development and creative industries.* While the creative sector has hit Austin's economic development radar screen, the business side of the equation has yet to reach its full potential. Meanwhile, activity related to medicine (both on the academic side and through commercialization) may soon join more traditional areas of R&D where Austin enjoys a concentration of activity.

- *Regionalization of the "local" economy* A number of regional events will have an economic impact on Austin, as San Antonio's continued explosive growth, ongoing growth of higher education in the area (witness Texas State in Williamson County and Texas A&M in San Antonio), and efforts to enhance transportation infrastructure (both rail and highway) will all influence the longer-term outlook

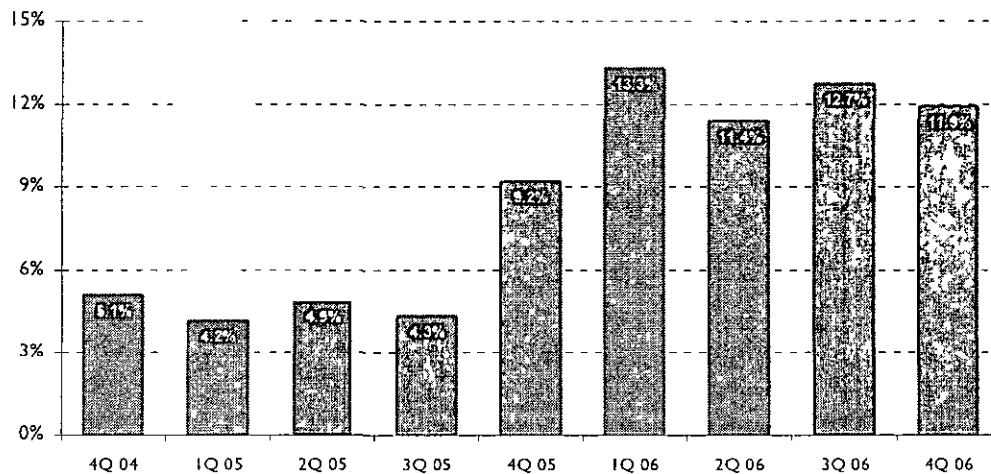
TABLE 12 AUSTIN MSA EMPLOYMENT FORECASTS (000s)

	2006	2007	2008	2009	2010	2011	2012
Const/Nat Resource	44.5	45.8	46.7	47.7	48.7	49.7	50.8
Ed/Health Services	73.2	75.4	77.7	79.8	81.8	83.8	85.9
Financial Activities	43.0	44.4	45.5	46.3	47.1	47.8	48.6
Government	151.9	154.9	158.0	161.2	164.4	167.7	171.1
Information	21.8	22.2	22.7	23.2	23.8	24.3	24.9
Leisure & Hospitality	74.0	77.7	80.0	82.3	84.7	87.1	89.6
Manufacturing	58.6	60.2	61.6	62.4	63.2	64.1	64.9
Other Services	27.6	28.4	29.2	30.0	30.8	31.7	32.6
Prof/Bus Services	98.7	102.8	106.4	109.6	112.9	116.4	119.9
Trade/Trans/Utilities	126.7	131.8	136.1	140.9	145.8	150.9	156.2
TOTAL	720.0	743.7	763.9	783.4	803.2	823.6	844.5

Austin Sales Tax Forecast

As the local economy has recovered, Austin area retail sales have also improved sharply, as City of Austin sales tax collections rose 9.8 percent during the first quarter of calendar year 2007, the fourteenth consecutive quarter of expansion.

FIGURE 5 CALENDAR YEAR-OVER-YEAR CITY OF AUSTIN SALES TAX REVENUE GROWTH



FORECAST METHODOLOGY

Sales tax revenue is a function of consumer spending, which accounts for approximately two-thirds of all economic activity, and taxable business sales, which are largely related to physical development. As a result, changes in local economic activity to a large extent determine changes in sales tax revenue. This relationship is especially true over an extended period of time, factors such as anomalies or inaccuracies in reporting and a surge or decline in consumer indebtedness can weaken the correlation in the near term.

As a major metropolitan area, Austin is greatly influenced by national and international economic trends. The most recent modeling suggests that a mixture of aggregate and industry-specific local MSA employment data (for professional services and leisure & hospitality, and national data on business investment (as reported by BEA) and equities markets (as measured by the S&P 500 Index) do a strong job of explaining changes in City of Austin sales tax revenue. These independent variables make logical sense, leisure & hospitality and professional services are industries where the Austin area enjoys a comparative advantage and a correspondingly high concentration level, while business investment is an excellent predictor of the overall direction of the national economy. Meanwhile, the stock market not only anticipates the direction of the overall economy, but also implicitly reflects levels of investor and consumer confidence. Figures 6-9 show the recent performance of each.

The data was analyzed quarterly – since these are essentially leading indicators of consumer spending in the area, changes in the primary sectors will ripple through to

consumer behavior. The findings indicate that the equation is statistically significant, with 82.7 percent (76.5 percent adjusted R²) of the change in sales tax being explained by changes in the independent variables.

FIGURE 6 S&P 500 INDEX VALUES (END OF QUARTER)

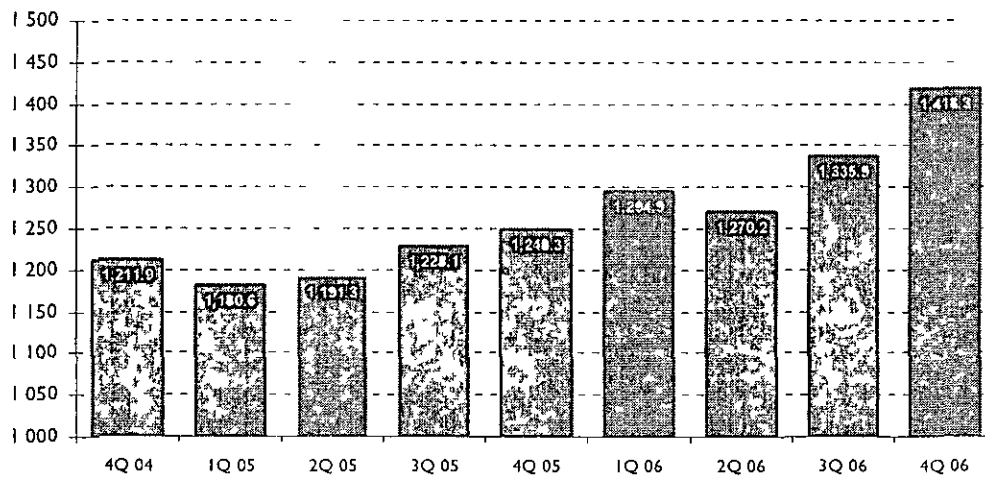


FIGURE 7 NATIONAL BUSINESS INVESTMENT (INFLATION ADJUSTED BILLIONS, SAAR)

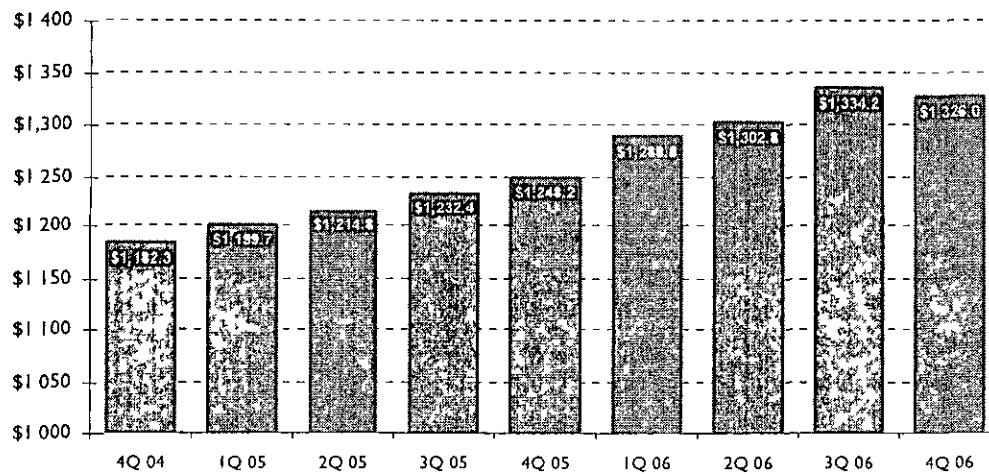


FIGURE 8 AUSTIN MSA TOTAL EMPLOYMENT (THOUSANDS)

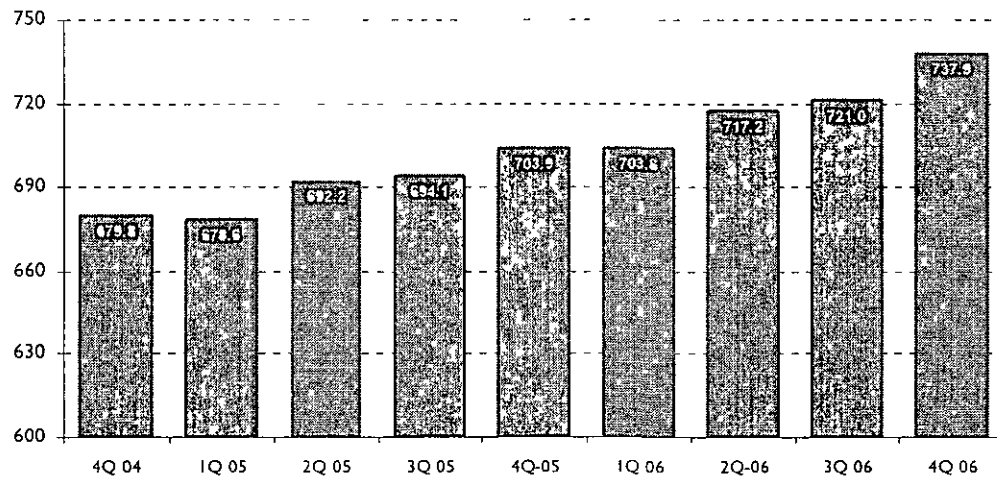


FIGURE 9 AUSTIN MSA LEISURE/HOSPITALITY EMPLOYMENT (THOUSANDS)

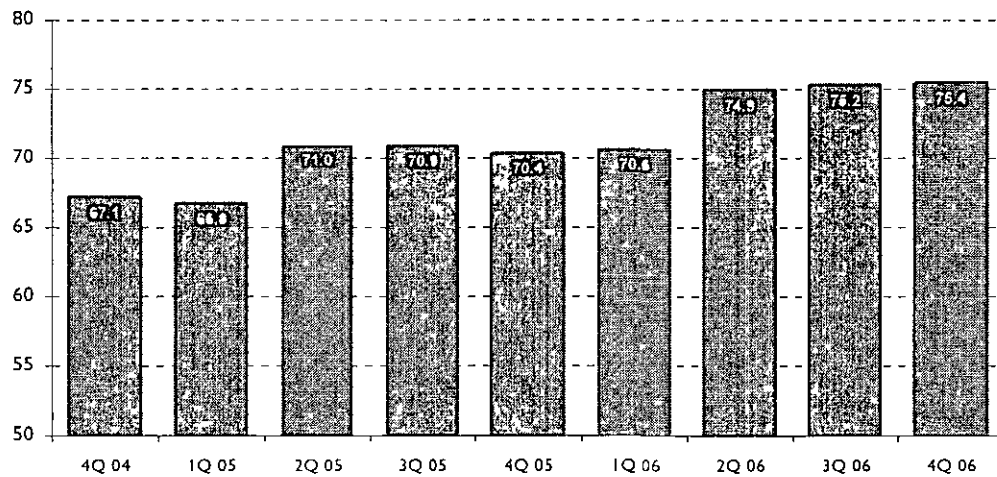
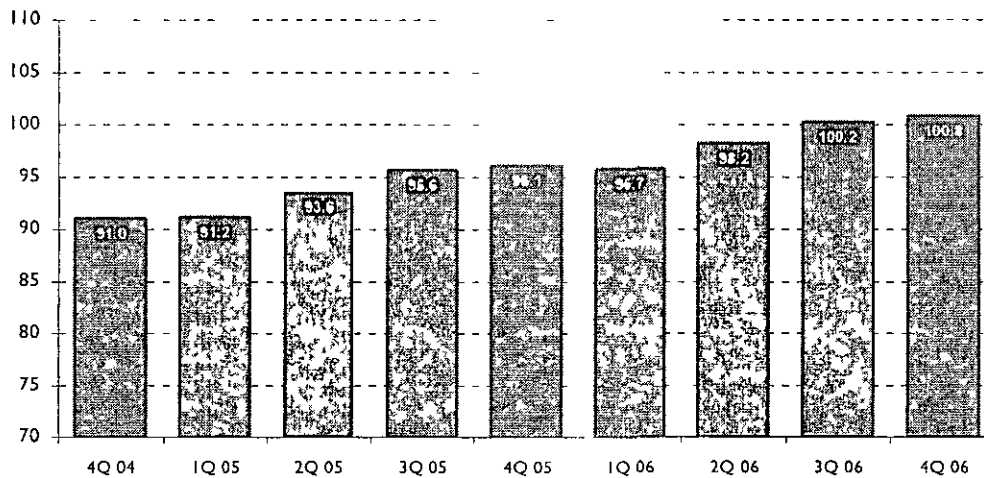


FIGURE 10 AUSTIN MSA PROFESSIONAL SERVICES EMPLOYMENT (THOUSANDS)

Once the explanatory relationship between sales tax revenue and the independent variable is delineated, actual values and projections of each variable are used to generate a forecast of sales tax revenue for FY 2007 and 2008. While slower growth is expected nationally (which influences the stock market and business investment) most indicators suggest Austin is on a solid growth track, a trend that should continue for the next several years.

CONCLUSION

Applying these forecasts to the TXP sales tax model indicate that sales tax revenue growth should continue to be very positive over the next two years. Overall, City of Austin sales tax revenues for FY 2007 are projected at \$127.7 million, a gain of 9.9 percent, followed by FY 2008 tax revenues of \$136.4 million, a gain of 6.8 percent.

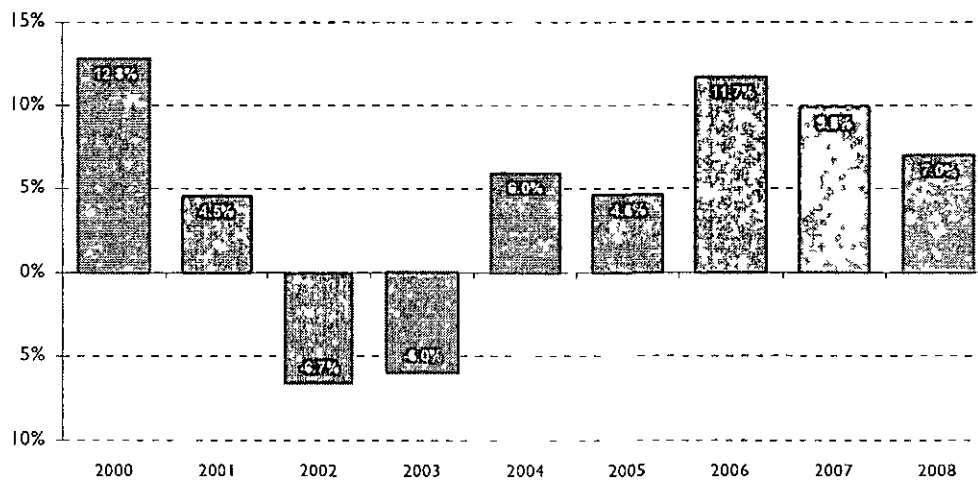
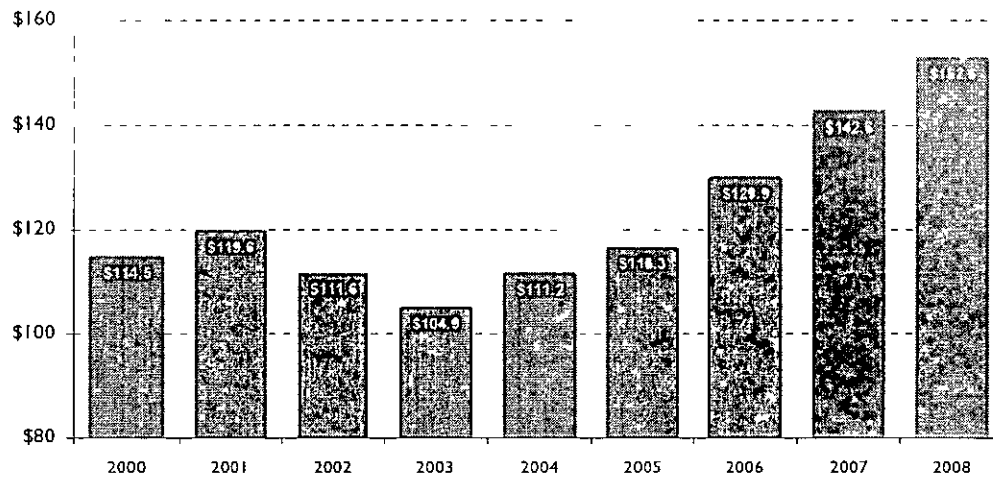
FIGURE 11 GROWTH IN ANNUAL CITY OF AUSTIN SALES TAX REVENUE

FIGURE 12 PROJECTED ANNUAL CITY OF AUSTIN SALES TAX REVENUE (MILLIONS)



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FUND PROJECTIONS

GENERAL FUND

- REVENUE
- EXPENDITURES
- ASSUMPTIONS
- PROJECTIONS
- BUDGET STABILIZATION RESERVE

GENERAL FUND

The General Fund is the general operating fund for the City of Austin. It includes ten departments that provide direct programs, activities and services to the citizens of Austin as well as to surrounding communities. These departments include Municipal Court, Neighborhood, Planning and Zoning, Watershed Protection and Development Review, Police, Fire, Emergency Medical Services, Public Safety & Emergency Management, Health & Human Services, Parks & Recreation and Library.

Funding for the General Fund is generated through three primary sources. Revenue from property tax generates 31% of total revenue. The current approved property tax rate for FY2007 is 41.26 cents per \$100 valuation. Revenue from sales tax generates 28.2%. The third major source is through transfers in from the electric and water utilities for a total of 20.2%. The remaining 21.6% is derived from various sources which include franchise fees, fines, forfeitures, penalties, licenses, permits, inspections, charges for services and interest.

REVENUE SUMMARY

During the forecast period, total General Fund revenue is expected to continue at annual growth rates ranging from 4.8% to 7.9%. The FY 2007-08 revenue forecast is approximately \$29.3 million higher than the current year, an overall increase of 5.6%. Below is a summary of revenue for the forecast period followed by additional information on the major revenue categories.

General Fund Forecast of Major Revenue

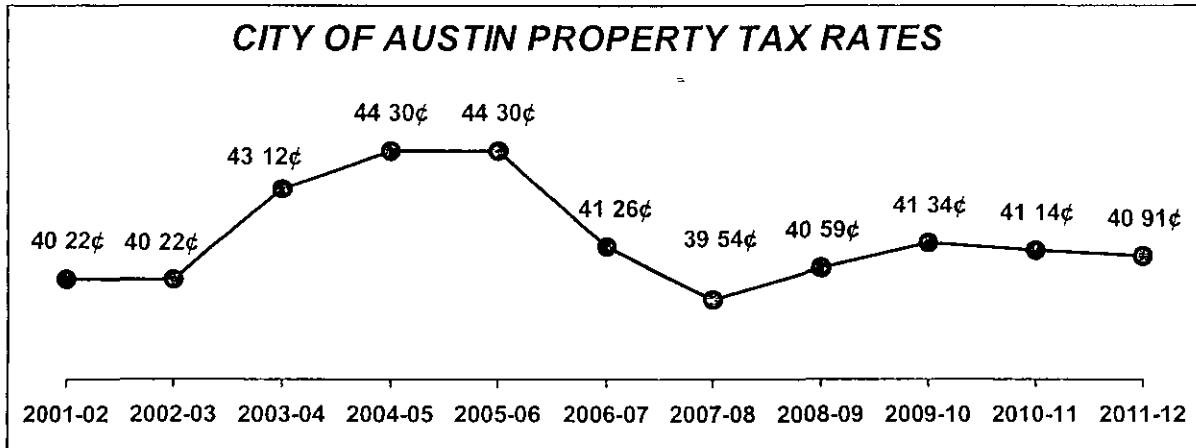
	2007-08	2008-09	2009-10	2010-11	2011-12
Revenue					
Property Tax	\$ 174.4	\$ 187.8	\$ 205.8	\$ 213.3	\$ 220.7
Sales Tax	164.0	176.3	187.7	199.0	210.9
Utility Transfers	116.1	121.7	126.4	131.4	137.6
Others	113.8	115.8	111.2	120.5	122.9
Total Revenue	\$ 568.3	\$ 601.6	\$ 631.1	\$ 664.2	\$ 692.1
Increase from Prior Year	\$ 29.3	\$ 33.3	\$ 30.9	\$ 33.1	\$ 27.9

PROPERTY TAX

Property tax revenue accounts for approximately 31% of total General Fund revenue. The financial forecast includes two basic assumptions:

- Maintain the effective tax rate per \$100 assessed valuation and include additional anticipated debt service and operating and maintenance costs associated with the November 2006 bond election.

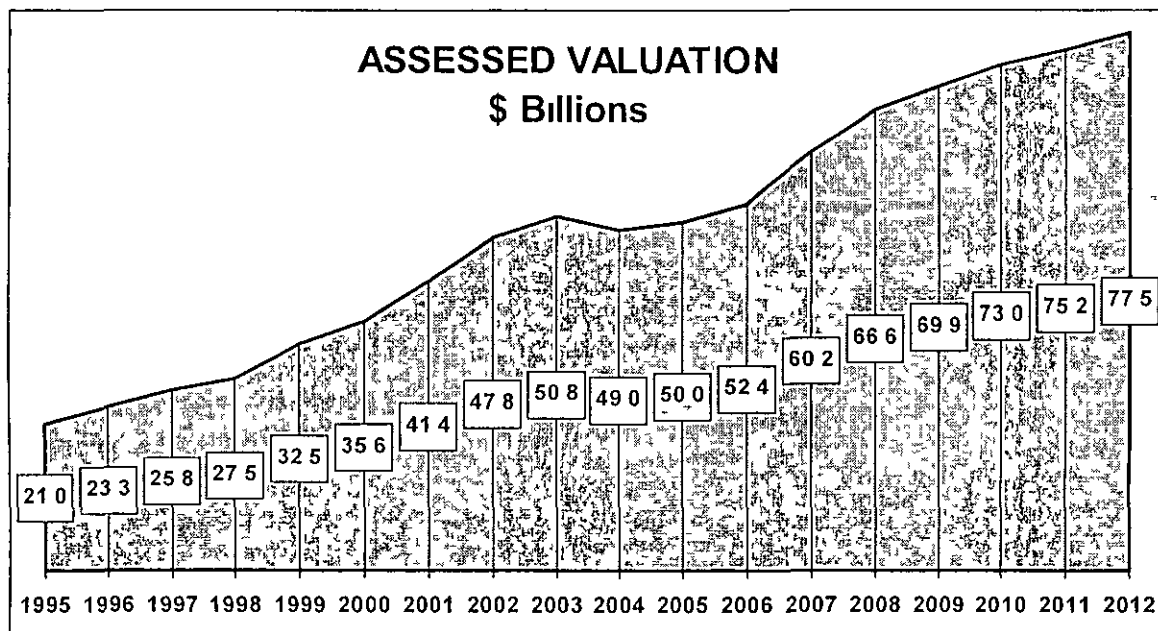
	FY2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Effective Tax		38.54¢	39.09¢	40.84¢	41.14¢	40.91¢
Bond Commitment		1.00¢	1.50¢	0.50¢		
Tax Rate	41.26¢	39.54¢	40.59¢	41.34¢	41.14¢	40.91¢



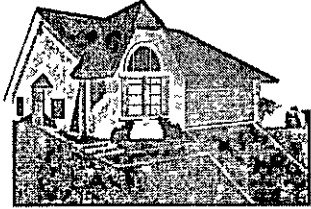
The Travis County Hospital District was created in 2004-05. For ease of comparison tax rates for fiscal years 2001-02 through 2003-04, have been restated to reflect their estimated value had the hospital district been in existence.

- Based on preliminary information from the Appraisal District, assessed valuations for fiscal 2008 are expected to grow at just over ten percent. We are projecting continued strong growth in FY08 and FY09, followed by moderate growth toward the end of the forecast period.

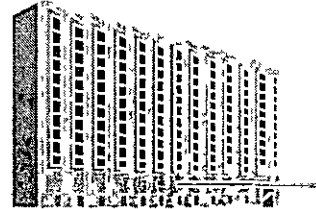
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Taxable Assessed Valuation (billions)	\$ 66.6	\$ 69.9	\$ 73.0	\$ 75.2	\$ 77.5
Percentage Change	10.5%	5.0%	4.5%	3.0%	3.0%



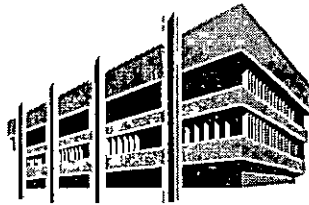
2007-08 CHANGES IN VALUE BY PROPERTY TYPE



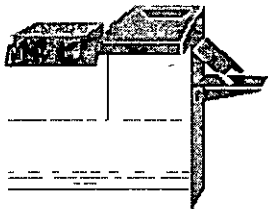
Single Family Residential
\$2,864 M 9 9 %



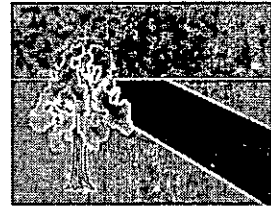
Multi-Unit Residential
\$275 M 3 5 %



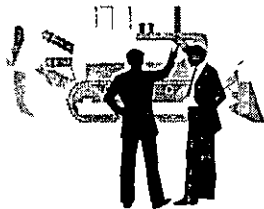
Commercial
\$1,021 M 6 5 %



Personal Property
(\$35 M) (0 5 %)



Land
\$116 M 7 5 %



New Construction
\$2,085 M NA

\$6,324 M

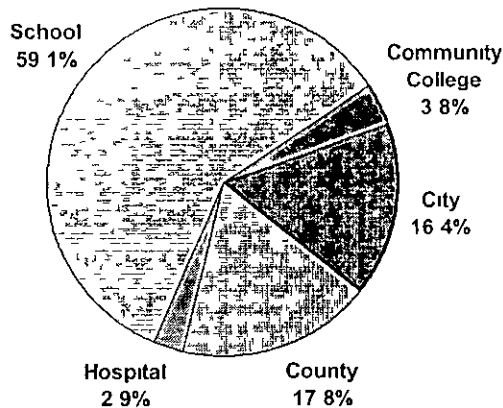
TOTAL

10 5%

PROPERTY TAX COMPARISONS

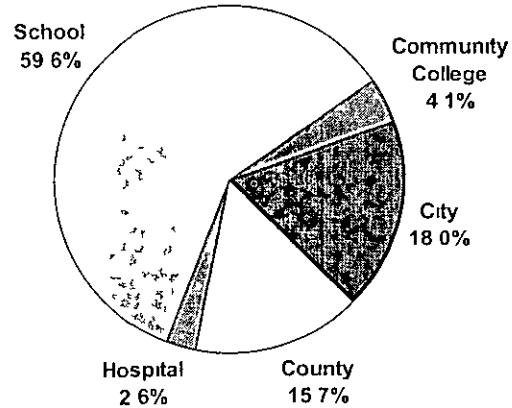
The following section provides comparisons of tax rates and bills for a \$175,000 home, with each taxing jurisdiction's tax exemption applied, and median family income for Austin and the major Texas cities

TAX RATE



Jurisdiction	Austin	Share
City	0.4126	16.4%
County	0.4499	17.8%
Hospital	0.0734	2.9%
School	1.4930	59.1%
Community College	0.0965	3.8%
Total Tax Rate	2.5254	

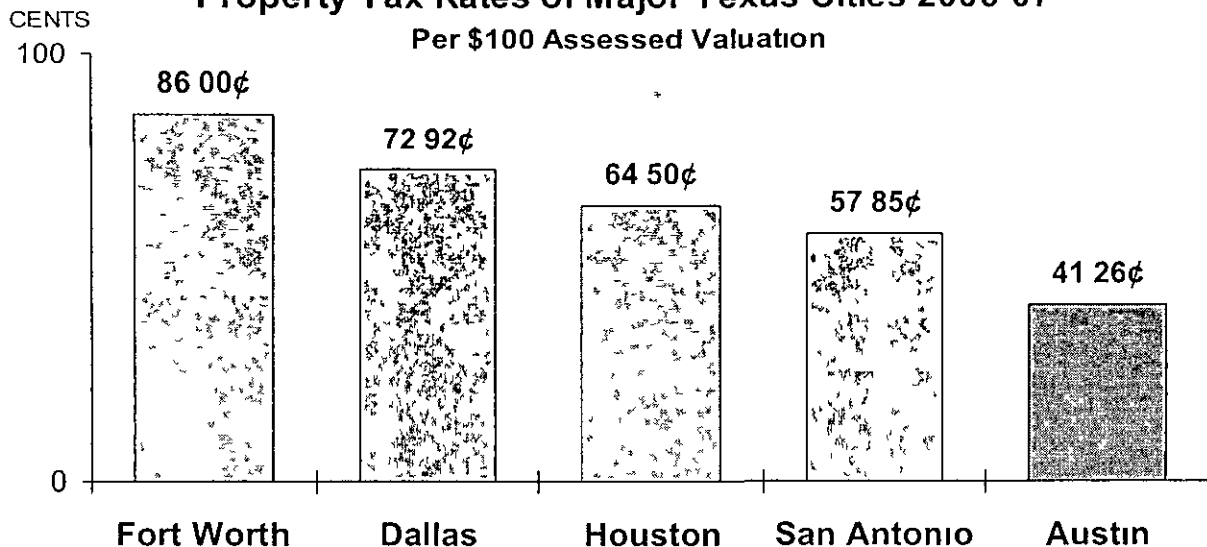
TAX BILL \$175,000 HOME



Jurisdiction	Austin	Share
City	\$722	18.0%
County	\$630	15.7%
Hospital	\$103	2.6%
School	\$2,389	59.6%
Community College	\$164	4.1%
Total Tax Bill	\$4,008	

Property Tax Rates of Major Texas Cities 2006-07

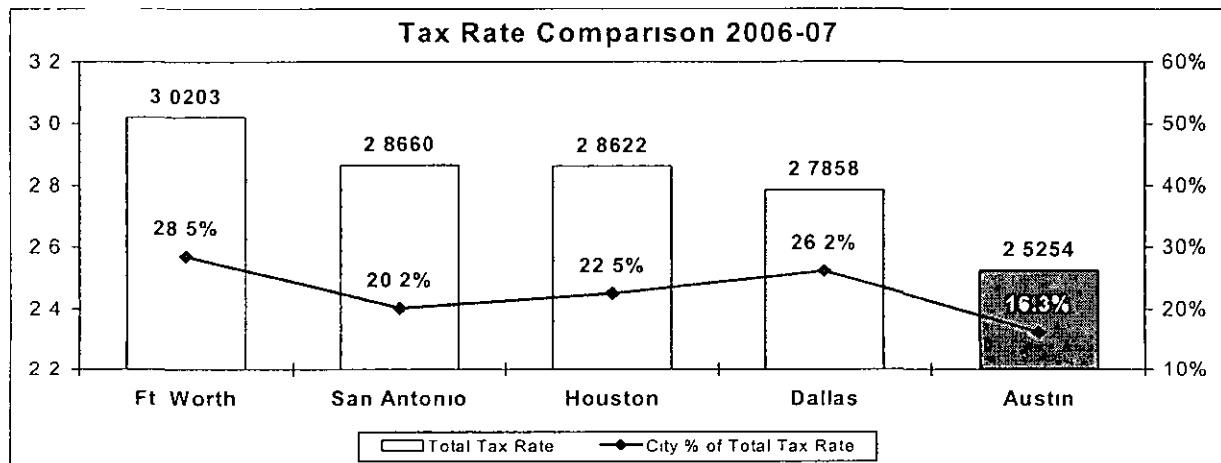
Per \$100 Assessed Valuation



Overlapping Property Tax Rates 2006-07

Jurisdiction	Ft Worth	Share	San Antonio	Share	Houston	Share	Dallas	Share	Austin	Share
City	0 8600	28 5%	0 5785	20 2%	0 6450	22 5%	0 7292	26 2%	0 4126	16 3%
County	0 2715	9 0%	0 3141	11 0%	0 4024	14 1%	0 2139	7 7%	0 4499	17 8%
Hospital	0 2354	7 8%	0 2439	8 5%	0 1922	6 7%	0 2540	9 1%	0 0734	2 9%
School	1 5140	50 1%	1 5797	55 1%	1 4757	51 6%	1 5026	53 9%	1 4930	59 1%
Special District ⁽¹⁾	0 1394	4 6%	0 1498	5 2%	0 1469	5 1%	0 0860	3 1%	0 0965	3 8%
Total Tax Rate	3 0203		2 8660		2 8622		2 7858		2 5254	

(1) Special Districts are different for each county. They can include such special districts as a community college, flood plain, board of education, school transportation, or port authority. However, each county has different special districts.

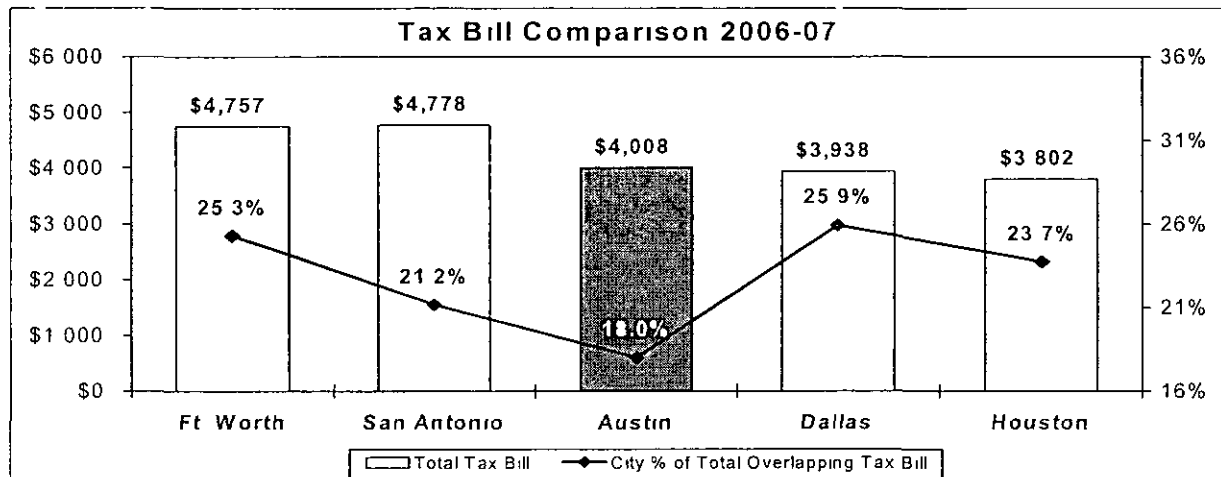


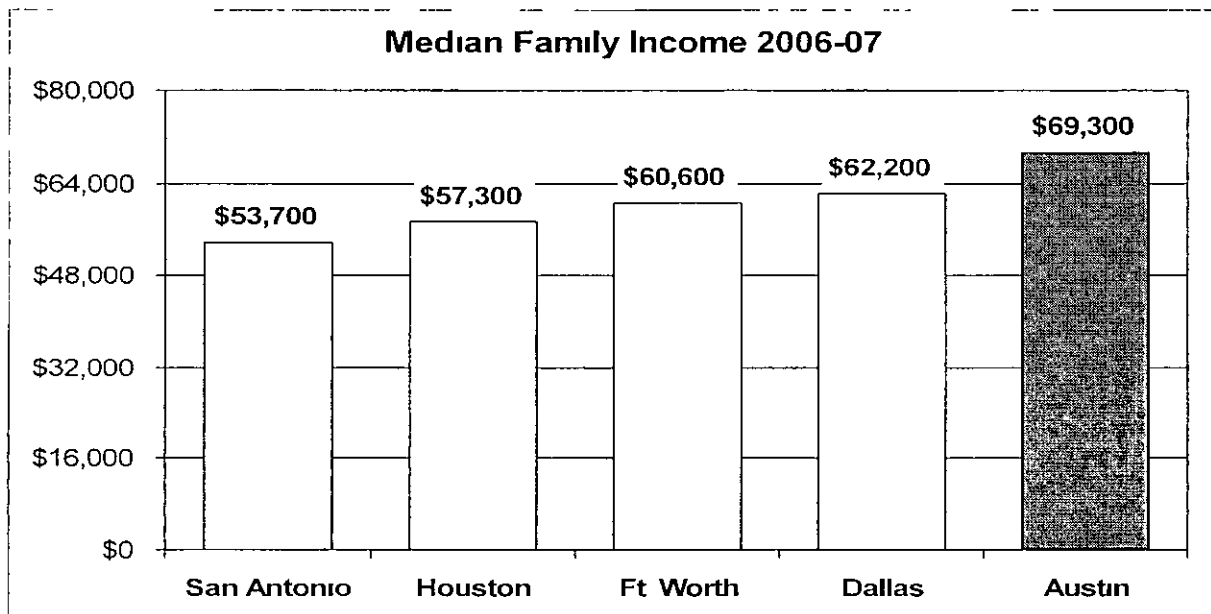
Overlapping Property Tax Bill 2006-07

Jurisdiction	Ft Worth	Share	San Antonio	Share	Austin	Share	Dallas	Share	Houston	Share
City	\$1 204	25 3%	\$1 012	21 2%	\$722	18 0%	\$1 021	25 9%	\$903	23 7%
County	\$475	10 0%	\$550	11 5%	\$630	15 7%	\$299	7 6%	\$563	14 8%
Hospital	\$412	8 7%	\$427	8 9%	\$103	2 6%	\$356	9 0%	\$269	7 1%
School	\$2 422	50 9%	\$2 528	52 9%	\$2 389	59 6%	\$2 141	54 4%	\$1 845	48 5%
Special District ⁽¹⁾	\$244	5 1%	\$262	5 5%	\$164	4 1%	\$120	3 1%	\$222	5 8%
Total Tax Bill ⁽²⁾	\$4 757		\$4 778		\$4 008		\$3 938		\$3 802	

(1) Special Districts are different for each county. They can include such special districts as a community college, flood plain, board of education, school transportation, or port authority. However, each county has different special districts.

(2) Tax bills are based on a \$175,000 home with each taxing jurisdiction's tax exemption applied.



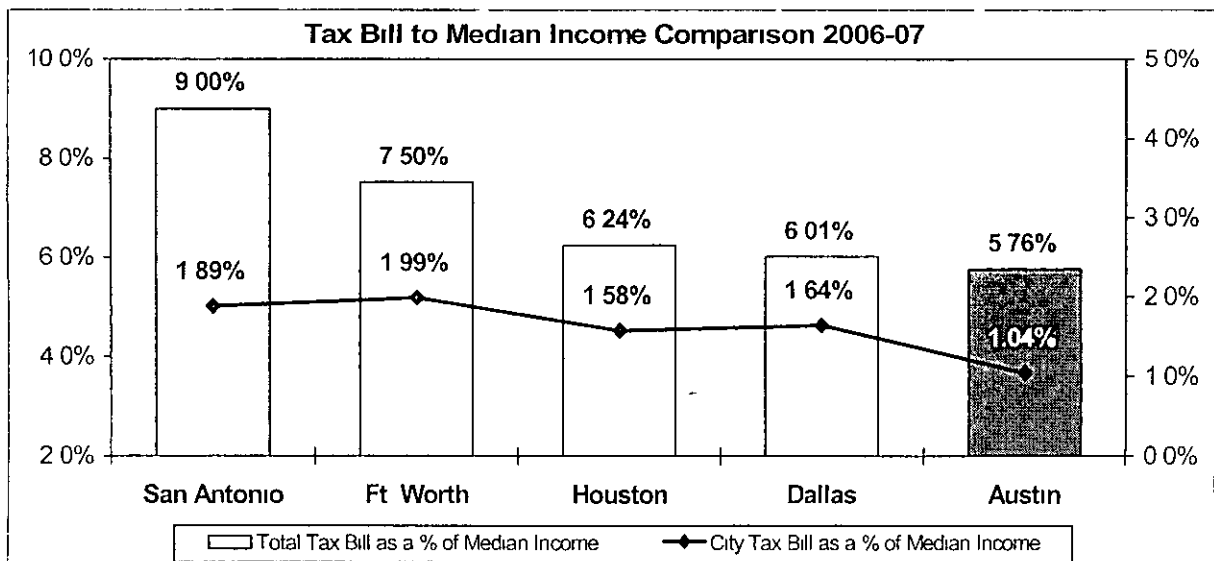


2006-07 Overlapping Property Tax Bill % of Median Income

Junsdiction	San Antonio	Percent	Ft Worth	Percent	Houston	Percent	Dallas	Percent	Austin	Percent
City	\$1 012	1 89%	\$1 204	1 99%	\$903	1 58%	\$1 021	1 64%	\$722	1 04%
County	\$550	1 02%	\$475	0 78%	\$563	0 98%	\$299	0 48%	\$630	0 91%
Hospital	\$427	0 79%	\$412	0 68%	\$269	0 47%	\$356	0 57%	\$103	0 15%
School	\$2 528	4 71%	\$2,422	4 00%	\$1 845	3 22%	\$2 141	3 44%	\$2 389	3 45%
Special District ⁽¹⁾	\$262	0 49%	\$244	0 40%	\$222	0 39%	\$120	0 19%	\$164	0 24%
Total Tax Bill ⁽²⁾	\$4 778	9 00%	\$4 757	7 50%	\$3 802	6 24%	\$3 938	6 01%	\$4 008	5 76%

(1) Special Districts are different for each county. They can include such special districts as a community college, flood plain, board of education, school transportation, or port authority. However, each county has different special districts.

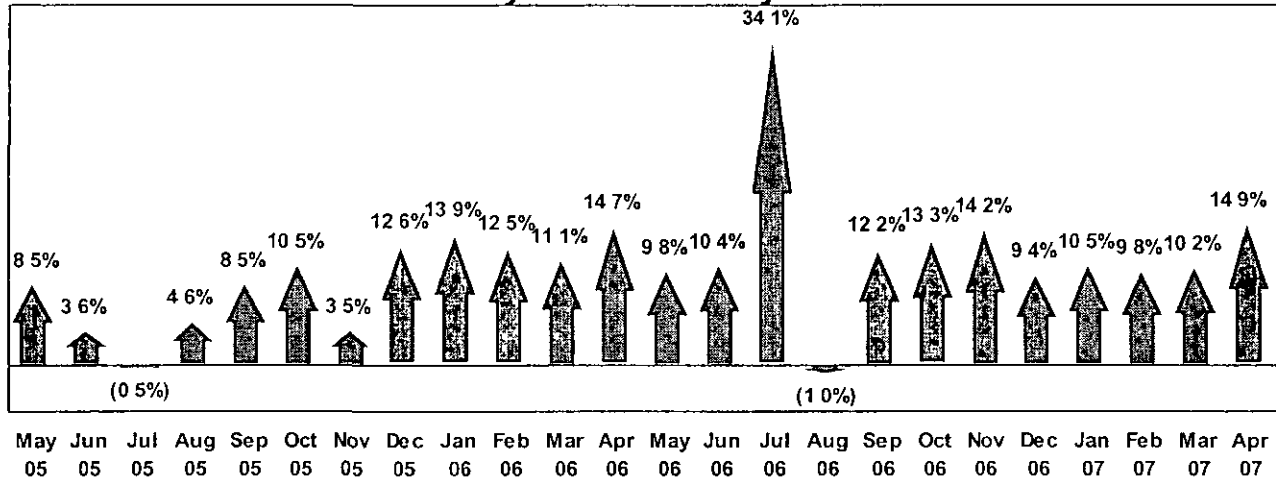
(2) Tax bills are based on a \$175,000 home with each taxing jurisdiction's tax exemption applied.



SALES TAX

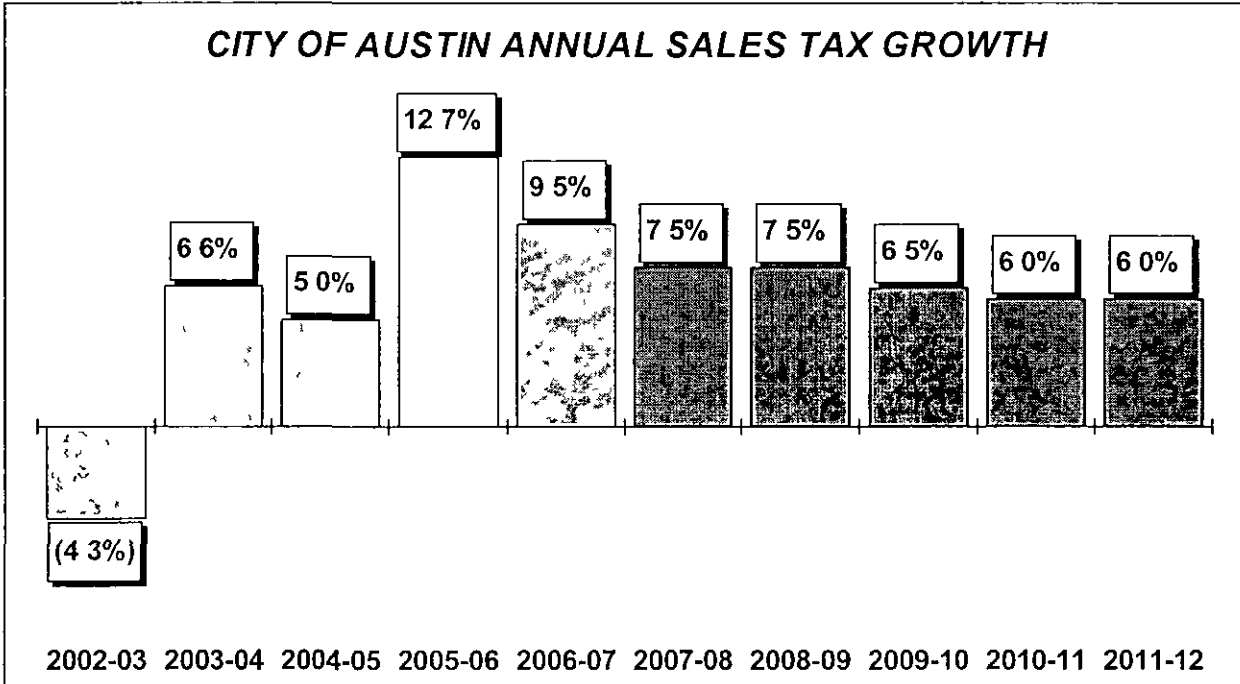
Sales Tax revenue accounts for approximately 28.2% of total General Fund revenue. Sales tax revenue has exhibited a strong growth trend over the last eight months.

Actual Monthly Sales Tax Payment Growth



The 2006-07 sales tax is projected to maintain strong growth following a year of double digit peak recovery. Based on the updated local economic outlook of continuing job and income growth, the forecast projects a moderately strong increase in sales tax revenue averaging 6.7% per year.

CITY OF AUSTIN ANNUAL SALES TAX GROWTH



Annual sales tax growth for fiscal years 2003 – 2006 are actual collections. For FY 2007 the estimated growth is 9.5%, which is 1.2% above the original budget, and FY 2008 – 2012 are the forecast years.

Fund Projections

OTHER REVENUE

Utility transfer revenue accounts for approximately 20.2% of total General Fund revenue. The forecast revenue is based on maintaining the current utility transfer rates which are consistent with the City's financial policies.

Electric Utility - 9.1%

Water Utility - 8.2%

Because of slight upward trends in utility revenues, increases in utility transfers are projected for each year of the forecast period.

EXPENDITURES SUMMARY

Projections show that while revenue will continue to grow at a steady pace, cost drivers over the forecast period continue to exceed that growth. Public safety continues to be the largest driver by far, followed by various other factors such as insurance increases and pay for performance for the non-uniformed work force. Additional cost drivers include the annualized cost of new facilities such as, the Turner Roberts Recreation Center at Colony Park, the Gus Garcia Colorado River Park and the Mexican American Cultural Center.

**Basic Assumptions
FY 2008 thru FY 2012**

Base Budget

- Maintain funding to meet current service levels
 - EMS, Public Health & Social Services
 - Parks Programs & Library Services
 - Permitting Review & Inspection

Cost Drivers

- Maintain 2.0 Police Officers per 1,000 population
- Maintain Fire Enhanced Task Force Staffing
- Fund Public Safety Contracts
- O&M for new/expanded facilities
- Maintain Street Preventative Maintenance at 9% level
- 3.5% Increase for Social Service Contracts

Investment in the Workforce

- Pay for Performance
 - For FY08 3.875% for civilian workforce
 - For FY09 onwards 4.5% for the entire workforce, sworn and civilian
- Market Adjustments
 - Market study program included in each year
- Continuation of Reward & Recognition
- Service Incentive Enhancement
- Health insurance increase of 15% in FY08, 10% thereafter
- Continuation of 1% retirement contribution
- Increase in training funding for front-line employees

General Fund Projections

General Fund Summary
Financial Forecast FY 2008 - FY 2012
(\$ millions)

	2007 Estimate	2008	2009	2010	2011	2012
Revenue	539 0	568 3	601 6	638 1	664 2	692 1
Base Budget - Prior Fiscal Year	481 6	534 6	568 3	601 6	638 1	664 2
Cost Drivers	37 5	54 2	53 3	52 6	50 2	53 3
Core Service Investments	15 7	7 0				
Total Projected Expenditures	534 8	595 8	621 6	654 2	688 3	717 5
Gap to be Closed	4 1	(27 5)	(20 0)	(16 1)	(24 1)	(25 4)
Additional Tax Revenue		10 9	11 3	11 9	12 3	12 6
Revised Gap to be Closed	4 1	(16 6)	(8 6)	(4 1)	(11 8)	(12 8)

BUDGET STABILIZATION RESERVE

As approved by Council in FY 2006, the financial policies established the Budget Stabilization Reserve Fund. The purpose is to account for and receive any excess revenue received and any appropriations that are unspent in any given fiscal year. Up to one third of the reserve may be appropriated to fund capital or other one-time costs, while the other two-thirds are reserved for budget stabilization in future years.

Budget Stabilization Reserve Fund
(\$ millions)

	2007 Estimate	2008	2009	2010	2011	2012
Beginning Balance	58.0	45.4	30.2	20.2	13.4	9.0
Transfer In from General Fund Excess Fund Balance	4.1	0.0	0.0	0.0	0.0	0.0
Total Available	62.2	45.4	30.2	20.2	13.4	9.0
Transfer Out to General Fund One-Time Costs	16.8	15.1	10.1	6.7	4.5	3.0
Ending Balance	45.4	30.2	20.2	13.4	9.0	6.0

AUSTIN CONVENTION CENTER

The Austin Convention Center operates a downtown Convention Center with 246,097 square feet of exhibit halls, and the Palmer Events Center on Town Lake, a 131,000 square foot multi-use events center. The Convention Center also operates three parking garages.

REVENUE

Hotel/Motel Occupancy Tax collections represent 60% of total combined Convention Center revenue forecasted for FY 2008. Rental car tax collections account for 13%, while facility revenue accounts for 14%. The remaining 13% stems from contractor revenue and interest earnings.

Below are revenue assumptions included in the FY 2008-12 Financial Forecast:

- FY 2007 estimated Hotel/Motel tax revenue is projected to be \$4.8 million above the budgeted revenue of \$35.7 million, or 13.5% higher.
- FY 2008 Hotel/Motel tax revenue is based on 5% growth above the FY 2007 estimate, FY 2009 growth is 4.5%, FY 2010 – FY 2012 growth is 3%.
- FY 2007 year to date, as of March 31st, Rental Car Tax Revenue is up 3% compared to the same period in FY 2006.
- FY 2008 Rental Car Tax Revenue is projected to grow at 5% over the FY 2007 current year estimate with future annual growth rates projected at 4.5% for FY 2009 and at 3% for the remainder of the forecast period.
- Facility and parking revenue is projected to increase 3% in FY 2008 over the FY 2007 Estimate and for each of the remaining years FY 2009-2012.

EXPENDITURES

Event operations at the Convention Center and Palmer Events Center, such as staffing, utilities, facility maintenance, and Information Technology-related costs, comprise 47% of the department's expenditures. Debt service expenses account for 32% of all expenditures. The remaining 21% is contributed to contractor expenses, support services, and other requirements.

Below are expenditure assumptions included in the FY 2008-12 Financial Forecast:

- Fifteen additional personnel are proposed in FY 2008 and six in FY 2009 to facilitate the increasing maintenance, event setup/cleaning needs, and safety needs within the department.
- Each year includes a 3.875% increase in employee salaries and a 15% increase in health insurance costs.
- Investment of approximately \$500,000 per year for each of the next five years in order to maintain the technology infrastructure so Austin Convention Center can maintain its leadership role in the industry.

Enterprise Fund Projections

Austin Convention Center Department Five Year Forecast (millions)

	Amended					
	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
BEGINNING BALANCE - Conv Ctr , Venue Fund, Town Lake Park Venue, Palmer Events Ctr (PEC) & PEC Garage	18.5	28.6	29.3	32.2	35.5	38.6
TOTAL AVAILABLE FUNDS	44.2	50.9	52.9	54.5	56.1	57.8
TOTAL OPERATING REQUIREMENTS	40.6	48.0	47.8	48.7	50.9	51.5
TOTAL TRANSFERS OUT	4.5	0.4	0.3	0.3	0.3	0.3
TOTAL OTHER REQUIREMENTS	1.6	1.9	1.9	2.1	1.8	1.9
TOTAL REQUIREMENTS	46.7	50.2	50.0	51.1	53.1	53.7
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	(2.5)	0.6	2.9	3.4	3.1	4.0
ENDING BALANCE	15.9	29.3	32.2	35.5	38.6	42.6
FTEs	206.00	221.00	227.00	227.00	227.00	227.00

AUSTIN ENERGY

Austin Energy is the City of Austin's municipally owned and operated electric utility that provides retail and wholesale electric service to customers in Travis and parts of Williamson counties. The service territory includes 206.41 square miles within the city of Austin and 230.65 square miles outside Austin city limits in Travis and Williamson counties.

REVENUE

Austin Energy receives revenue from the provision of electric service to customers in the service territory. There are two main components of that revenue – base revenue and revenue recovered in the fuel rate. Base revenue is a function of number of customers/bills, usage levels (MWh) and price. Fuel revenue collected through the Fuel Adjustment Clause is a pass through of cost to customers and includes no profit for the utility.

Revenue assumptions for the FY 2008-12 Financial Forecast include:

- The forecast projects 1.8% annual growth in the number of customers and 2.2% annual growth in base revenue (without a base rate increase)
- No increase in fuel charge is projected
- Based upon 2006 financial performance, this forecast defers a base rate increase one year to 2011

EXPENDITURES

Projections show that while revenue growth is steady, cost drivers in the forecast continue to exceed revenue growth.

Expenditure assumptions for the FY 2008-12 Financial Forecast include:

- Total requirements are projected to increase by 12% by FY 2012
- Debt service is expected to increase by 12% over the five years due to the estimated five year Capital Improvements Spending program of \$921 million
- The General Fund Transfer will remain at the 9.1%, the upper limit established by Council

Austin Energy Department Five Year Forecast

(millions)

	Amended 2006-2007	2007-08	2008-09	2009-10	2010-11	2011-12
BEGINNING BALANCE	192.1	171.7	166.6	169.4	159.8	231.8
TOTAL REVENUE	1,117.8	1,115.0	1,157.2	1,180.2	1,270.1	1,281.8
TOTAL TRANSFERS IN	4.3	33.3	30.0	0.0	0.0	0.0
TOTAL AVAILABLE FUNDS	1,122.0	1,148.2	1,187.2	1,180.2	1,270.1	1,281.8
TOTAL OPERATING REQUIREMENTS	766.0	742.2	773.2	800.2	814.9	830.4
TOTAL TRANSFERS OUT	343.8	391.6	396.0	362.5	365.6	416.3
TOTAL OTHER REQUIREMENTS	15.0	15.7	16.1	16.5	16.9	17.4
TOTAL REQUIREMENTS	1,124.9	1,149.5	1,185.3	1,179.3	1,197.5	1,264.1
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	(2.9)	(1.3)	2.0	0.9	72.6	17.8
ENDING BALANCE	189.2	170.5	168.5	170.3	232.4	249.6
FTEs	1,604.50	1,604.50	1,604.50	1,604.50	1,604.50	1,604.50

AUSTIN WATER UTILITY

The purpose of the Austin Water Utility is to effectively manage water resources for the community in order to protect the public health and environment

REVENUE

The Austin Water Utility provides water and wastewater service to over 200,000 customers within Austin and the surrounding areas. Revenue from the sale of water and wastewater service total over \$300 million annually. Non-rate revenue includes miscellaneous fees and charges and interest income.

Below are revenue assumptions included in the FY 2008-12 Financial Forecast

- Projected combined rate increases total 23.8% over the forecast period
- Revenue from the sale of water and wastewater service will increase \$130.7 million or 41.7% over the forecast period from growth and forecasted rate increases
- The Utility is not proposing to add any new fees for utility services
- Over the 5-year financial forecast period, the Utility is projecting a 2.0% average annual growth in base service revenue for all rate classes for both water and wastewater systems
- It is projected that non-rate revenue will increase by \$1.7 million or 24.2% over the forecast period

EXPENDITURES

The major cost drivers of the Utility are related to required capital improvements, on-going debt service, and operations & maintenance expenses. Significant capital improvements are forecasted for growth in the system and replacing aging infrastructure. Approximately 41% of total operating revenue billed each fiscal year is required for paying principal and interest due on the existing \$1.6 billion debt. Finally, significant cost increases for water pumpage and wastewater flows, chemicals and power, addition of new infrastructure, annexations, costs associated with health insurance, pay for performance, and overall inflationary increases in operating costs are increasing combined utility system operations & maintenance costs.

Below are expenditure assumptions included in the FY 2008-12 Financial Forecast

- \$11.1 million increase in operating requirements is projected for fiscal year 2007-08 from \$147.5 million to \$158.6 million
- Operating requirements are projected to increase by \$37.7 million or 25.6% over the 5-year forecast
- New capital spending of \$1.28 billion is required during the forecast period for water and wastewater systems improvements of aging infrastructure, service extensions, and capacity expansions
- Annual debt service payments are projected to increase by \$61.5 million or 43.7% over the forecast period

Austin Water Utility Department Five Year Forecast
(millions)

	Amended 2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
BEGINNING BALANCE	38.4	41.2	27.2	27.8	28.3	28.8
TOTAL REVENUE	320.4	363.5	397.8	435.0	445.0	452.7
TOTAL TRANSFERS IN	8.8	16.8	12.4	12.6	12.8	13.0
TOTAL AVAILABLE FUNDS	329.1	380.3	410.2	447.5	457.8	465.7
TOTAL OPERATING REQUIREMENTS	135.2	141.9	147.3	151.8	157.7	164.4
TOTAL OTHER REQUIREMENTS	12.3	16.7	17.9	19.2	20.0	20.8
TOTAL DEBT SERVICE	140.9	160.0	170.0	175.5	188.0	202.4
TOTAL TRANSFERS OUT	53.3	75.6	74.4	100.6	91.5	77.5
TOTAL REQUIREMENTS	341.6	394.2	409.7	447.1	457.2	465.1
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	(12.4)	(13.9)	0.6	0.5	0.6	0.6
ENDING BALANCE	26.0	27.2	27.8	28.3	28.8	29.4
FTEs	1,036.00	1,036.00	1,063.00	1,066.00	1,068.00	1,068.00
Combined Rate Increases	7.1%	9.8%	7.0%	7.0%	0.0%	0.0%

AVIATION DEPARTMENT

The mission of the Aviation Department is to provide quality airport facilities and services by focusing on our customers' needs, our employees' work environment, continuously improving our operations, and preparing for the future

REVENUE

Airline revenue, comprised of landing fees, terminal fees, and other direct airline service fees, accounts for 41% of total Airport operating revenue. Over half of the Aviation Department's operating revenue is comprised of non-airline revenue such as parking, concessions, rentals and other fees.

Below are revenue assumptions included in the FY 2008 -12 Financial Forecast

- FY 2007 estimated passenger enplanement growth is projected to be 5% over the FY 2006 actual number of enplanements
- FY 2008 — FY 2012 enplanement growth is expected to be 3.0% each year, which is based upon anticipated population growth for the region
- FY 2008 non-airline revenue is forecasted to increase by 10.2% over the FY 2007 budgeted amount and level off at an average of 3.6% increase for each of the remaining four years of the forecast

EXPENDITURES

Operating and maintenance expenses, such as Business Services, Facilities Management, Operations, and Airport Security, Planning and Development, and Support Services, comprise 72% of the department's expenditures. Debt service is the next largest component, it accounts for 23% of all expenditures.

Below are expenditure assumptions included in the FY 2008-12 Financial Forecast

- For FY 2008, Operating and Maintenance expenses are projected to increase 5.6% over the FY 2007 budgeted amount due to increases in personnel costs and contractuals
- In FY 2008, funding is included to add two Equipment Tech II positions, one Bag Technician, one Administrative Assistant, one Network Systems Administrator Sr, transfer in one Security and Ground Transportation Controller from PSEM, and convert two temporary Electronic Tech III positions to regular status
- For FY 2009-12, annual Operating and Maintenance increases are 5%

Aviation Department Five Year Forecast
(millions)

	Amended 2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
BEGINNING BALANCE	0 0	0 0	0 0	0 0	0 0	0 0
TOTAL REVENUE	73 9	80 4	83 8	86 7	89 7	92 9
TOTAL TRANSFERS IN	6 8	6 8	6 8	6 8	6 8	6 8
TOTAL AVAILABLE FUNDS	80 8	87 2	90 5	93 5	96 5	99 7
TOTAL OPERATING REQUIREMENTS	48 5	51 3	53 8	56 5	59 4	62 3
TOTAL TRANSFERS OUT	17 0	17 2	17 3	17 3	17 4	17 2
TOTAL OTHER REQUIREMENTS	2 9	3 2	3 5	3 8	4 0	4 2
TOTAL REQUIREMENTS	68 5	71 7	74 6	77 7	80 8	83 8
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	12 3	15 5	15 9	15 8	15 7	15 9
Contribution To Capital Fund	12 3	15 5	15 9	15 8	15 7	15 9
ENDING BALANCE	0 0	0 0	0 0	0 0	0 0	0 0
FTEs	340 00	348 00	348 00	348 00	348 00	348 00

SOLID WASTE SERVICES

Solid Waste Services (SWS) provides recycling, refuse collection, yard trimmings collection, brush and bulky trash collection and street sweeping, along with operating a household hazardous waste facility, material recovery facility, limited-use landfill, and dead animal collection services. SWS also monitors and responds to zoning, housing and environmental code ordinances, and violations.

REVENUE

Residential Pay-As-You-Throw (PAYT) and Anti-Litter fee revenue is anticipated to be approximately 88% of the SWS operating revenue in FY 2008.

Below are revenue assumptions included in the FY 2008-12 Financial Forecast:

- Projections show that a rate increase will be proposed in FY 2009 so that the department may continue full delivery of services as well as maintain an ending balance in the Solid Waste Services fund that remains in compliance with the City's financial policies. An increase in the rate is applied to the forecast starting in FY 2009.
- The PAYT and Anti-Litter fee revenue is projected to increase 3% in FY 2008 as compared to FY 2007 Estimate. The rate increase in FY 2009 is projected to increase PAYT and Anti-Litter fee revenue a combined 23% between FY 2008 and FY 2009. After FY 2009, PAYT and Anti-Litter fee revenue is projected to increase 3% annually throughout the forecast period.
- The forecast includes a \$367,107 increase in the General Fund transfer to fund five additional FTEs in Code Enforcement.

EXPENDITURES

Program expenditures, such as PAYT, Anti-Litter, and Code Enforcement are projected to make up 75% of total expenditures in FY 2008. Transfers and Other Requirements are projected to make up the remaining 25% of expenditures.

Below are expenditure assumptions included in the FY 2008-12 Financial Forecast:

- The forecast assumes implementation of Single Stream Recycling and closure of FM 812 Landfill.
- Each year of the forecast includes 3.875% for employee salary increases, 15% for health insurance increases in FY 2008 followed by 10% in FY 2009 to FY 2012.
- Projections do not assume any customer growth caused by annexations.
- In FY 2008, there is a net increase of 15 FTEs: 5 for code enforcement and 10 for growth related to PAYT. Over the five year forecast period, there will be a net increase of 24 FTEs for Code Enforcement and 27 FTEs for growth related to PAYT.

Enterprise Fund Projections

Solid Waste Services Department Five Year Forecast (millions)

	Amended 2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
BEGINNING BALANCE	12.7	9.5	4.2	6.2	7.1	8.1
TOTAL AVAILABLE FUNDS	48.7	52.2	63.6	65.4	67.3	69.2
TOTAL OPERATING REQUIREMENTS	41.7	43.0	44.5	45.7	46.7	47.8
TOTAL TRANSFERS OUT	7.6	8.2	10.6	11.8	12.5	13.3
TOTAL OTHER REQUIREMENTS	4.5	6.3	6.5	6.9	7.1	7.4
TOTAL REQUIREMENTS	53.8	57.5	61.6	64.4	66.4	68.5
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	(5.2)	(5.3)	2.0	1.0	0.9	0.7
ENDING BALANCE	7.5	4.2	6.2	7.1	8.1	8.8
FTEs (Includes Landfill Fund)	429.00	444.00	451.00	461.00	471.00	480.00
SWS FEES						
PAYT						
Residential Base Charge	\$ 7.00	\$ 7.00	\$ 7.95	\$ 7.95	\$ 7.95	\$ 7.95
Commercial Base Charge	\$ 25.00	\$ 25.00	\$ 29.95	\$ 29.95	\$ 29.95	\$ 29.95
ANTI-LITTER						
Residential Base Charge	\$ 2.60	\$ 2.60	\$ 3.80	\$ 3.80	\$ 3.80	\$ 3.80
Commercial Base Charge	\$ 4.55	\$ 4.55	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00

WATERSHED PROTECTION AND DEVELOPMENT REVIEW—DRAINAGE UTILITY FUND

The purpose of the Watershed Protection and Development Review Department is to efficiently and effectively protect lives, property, and the environment by providing comprehensive development review and inspection services and reducing the impact of flooding, erosion, and water pollution

The Watershed Protection and Development Review Department is funded by both the General Fund and the Drainage Utility Fund, which receives most of its revenue from commercial and residential drainage utility fees. The General Fund provides development review and inspections services, while the Drainage Utility Fund addresses flood control, erosion control and water quality protection

REVENUE

The primary Drainage Utility funding source is a monthly drainage fee assessed to City of Austin utility customers

Below are revenue assumptions included in the FY 2008-12 Financial Forecast

- The Drainage Fee rate will not change
- FY 2008 combined Drainage Fee revenue is based on residential and commercial customer growth of approximately 1.7 percent per year
- Development fees associated with environmental reviews and permits is projected to increase at 3 percent annually

EXPENDITURES

The forecast continues funding of the Master Plan recommended Capital Improvement Program (CIP) projects. In FY 2008, the utility transfer to the CIP increases by \$642,000 over FY 2007 to \$17.8 million, or 37 percent of the projected operating expenditures. The Infrastructure and Waterway Maintenance program is the next largest component of the Drainage Utility Fund's expenditures. The program provides maintenance services to the City's drainage infrastructure, repairs erosion damage, and improves the quality of stormwater. Expenditures for the Infrastructure and Waterway Maintenance account for 21 percent of the Drainage Utility Fund's operating expenditures

Below are expenditure assumptions included in the FY 2008-12 Financial Forecast

- Fund priority projects that integrate the Department's three missions as well as projects providing localized flood control, erosion mitigation, creek flood control and water quality improvements
- Add 11.5 positions to maintain service levels throughout the department
- Include personnel related increases such as pay for performance and insurance

Enterprise Fund Projections

Drainage Utility Fund Five Year Forecast (millions)

	Amended 2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
BEGINNING BALANCE	7.3	8.4	5.0	3.3	4.2	5.3
TOTAL REVENUE	52.6	54.0	54.9	55.7	56.6	57.6
TRANSFER IN FROM GENERAL FUND	0.3	0.3	0.3	0.3	0.3	0.3
TOTAL AVAILABLE FUNDS	52.9	54.7	55.6	56.5	57.4	58.4
TOTAL OPERATING REQUIREMENTS	29.6	30.8	30.8	30.5	30.6	30.8
TOTAL TRANSFERS OUT	20.0	20.4	19.5	17.5	18.0	18.5
TOTAL OTHER REQUIREMENTS	2.6	2.7	2.8	3.0	2.9	3.1
TOTAL REQUIREMENTS	55.3	58.2	57.3	55.5	56.3	57.4
EXCESS (DEFICIENCY) OF TOTAL AVAILABLE FUNDS OVER TOTAL REQUIREMENTS	(2.4)	(3.4)	(1.7)	1.0	1.1	1.0
ENDING BALANCE	4.9	5.0	3.3	4.2	5.3	6.3
FTEs	289.50	301.00	301.00	301.00	301.00	301.00
Drainage Utility Fee						
Residential	7.15	7.15	7.15	7.15	7.15	7.15
Commercial	176.66	176.66	176.66	176.66	176.66	176.66